



महाराष्ट्र शासन राजपत्र

भाग दोन-संकीर्ण सूचना व जाहिराती

वर्ष ६, अंक ४५]

गुरुवार ते बुधवार, जानेवारी १-७, २०१५/पौष ११-१७, शके १९३६

[पृष्ठे २६८, किंमत : रुपये १५.००

प्राधिकृत प्रकाशन

संकीर्ण सूचना व जाहिराती

Serial No. 427

Notice

Notice is hereby given that the following certificate(s) for the under mentioned Shares of the BASF India Limited have been lost/mislaid and the holder(s) of the said Shares have applied to the Company to issue duplicate certificate(s).

Any person who has a claim in respect of the said shares should lodge such claim with the Company at its Registered Office : Vibgyor Towers, Unit No. 101, 1st Floor, G Block, C-62, Bandra-Kurla Complex, Bandra (E.), Mumbai 400 051 within 15 days from this date, else the Company will proceed to issue duplicate share certificate(s).

Folio No.	Name of the Shareholder	Distinctive Nos.	No of Shares
0002171	Ajitkumar S. Trivedi Madhukanta A. Trivedi	31528541—80	40
V0103217	Vijya Vithaldas Ranjit Vithaldas	24390858—77	20

For BASF India Ltd.,**PRADEEP CHANDAN,**
Company Secretary.Place : Mumbai,
Date : 29th November 2014.

JAWAHARLAL NEHRU PORT TRUST

No. A/PE/R-1/2013/443

NOTIFICATION

G. S. R. (E).—In exercise of powers conferred under section 28(a) read with sub-section 1(a) of section 132 of the Major Port Trusts Act, 1963 (38 of 1963), the Board of Trustees of the Jawaharlal Nehru Port Trust hereby makes and publish the Schedules for manner of appointment for Class-II and Class-IV posts for Jawaharlal Nehru Port Trust Employee's (Recruitment, Seniority and Promotion) Regulations, 2011 (Regulations 5) as set out in the Schedules Annexed to this notification.

2. The said Schedules for regulations shall come into force on the date of their publication in the *Official Gazette*.

CLASS-II POSTS

ADMINISTRATION DEPARTMENT - 1

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
LIBRARIAN	16400-40500	1	35	1) Degree in Library Science from a recognised University. 2) 8 years experience in a large Library. 3) Working knowledge of Hindi and Marathi.	Not applicable	Direct Recruitment	Not applicable	Not applicable

ADMINISTRATION DEPARTMENT - 2

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non-Selection)
1	2	3	4	5	6	7	8	9
PERSONNEL ASSISTANT	16400-40500	8	35	1) Graduate of a recognised University. 2) Must have a Government * commercial certificate for a speed of 120 w.p.m. in English / 80 w.p.m. in Hindi shorthand and 60 w.p.m. in Hindi in English / 40 w.p.m. in Hindi Typing. 3) Minimum 10 years experience as Stenographer in a Govt. industrial or business organisation. 4) Working knowledge of Hindi and Marathi.	Qualification : No. Age : No.	Promotion failing which by direct recruitment.	A person holding a post of Stenographer Gr-I for a period of 5 years.	Non-Selection.

PORT PLANNING AND DEVELOPMENT DEPARTMENT-1

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
ASSISTANT ENGINEER	16400-40500	3	30	<p>Essential :-</p> <p>1) Diploma in Civil Engineering from a Board recognised by the Govt. of India.</p> <p>2) 8 years experience in Civil Construction / maintenance.</p> <p>Desirable :-</p> <p>Working knowledge of Hindi</p>	<p>Qualification : Yes</p> <p>Age : No.</p>	<p>Promotion falling which by direct recruitment.</p>	<p>A person having experience of 5 years as Junior Engineer in PP&D Department.</p>	<p>Non Selection.</p>

MARINE DEPARTMENT - 1

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (In years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
SAFETY INSPECTOR	16400-40500	1	35	<p>Essential :-</p> <p>1) Degree in Physics or Chemistry from a recognised University or Diploma in Mechanical / Electrical / Electronics Engg. from a recognised Institute.</p> <p>2) Diploma in Industrial Safety from recognised Institute.</p> <p>3) 5 years experience in a port or an Industrial Unit dealing with Safety in handling explosive material and hazardous goods.</p> <p>Desirable :-</p> <p>Working knowledge of Hindi and Marathi.</p>	Not applicable	Direct Recruitment	Not applicable	Not applicable

महाराष्ट्र शासन राजपत्र, भाग दोन-संकीर्ण सूचना व जाहिराती,
गुरुवार ते बुधवार, जानेवारी १-७, २०१५/पौष ११-१७, शके १९३६

TRAFFIC/M&EE DEPARTMENT - 1

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
ASSISTANT ENGINEER	16400-40500	26 - Traffic 09- M&EE	35	<p>Essential :-</p> <p>1) Diploma in Mechanical / Electrical / Electronics Engg. from a Board recognised by the Govt. of India.</p> <p>2] 8 years experience in Operation & maintenance of mechanised cargo / material handling /transportation system.</p> <p>Desirable :-</p> <p>Working knowledge of Hindi</p>	<p>Qualification :</p> <p>Diploma in Mechanical/ Electrical / Electronics Engg. or ITI Certificate from recognised Institution.</p> <p>Age : No.</p>	<p>Promotion failing which by direct recruitment.</p>	<p>A person having experience of 5 years as Junior Engineer in Traffic / M&EE Department.</p> <p>(First & Second vacancy by Diploma Holder & third vacancy by ITI holder)</p>	<p>Non Selection.</p>

CLASS-III AND CLASS-IV POSTS

ADMINISTRATION DEPARTMENT - 1

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
OFFICE SUPERINTENDENT	23600-56300	13	35	Essential :- 1] Graduate of a recognised University. 2] 14 years experience as Office Assistant in a Govt. business or Industrial organisation. 3] Working knowledge of Hindi and Marathi. Desirable :- Knowledge of Computer.	Qualification : No Age : No	Promotion failing which by direct recruitment	A person holding a post of Senior Assistant for a period of 5 years.	Non selection.

ADMINISTRATION DEPARTMENT - 2

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
SENIOR ASSISTANT	19100-51100	27	30	<p>Essential :-</p> <p>1) Graduate of a recognised University.</p> <p>2) 9 years experience as Office Assistant in a Govt. business or Industrial organisation.</p> <p>3) Working knowledge of Hindi and Marathi.</p> <p>Desirable :-</p> <p>Knowledge of Computer.</p>	<p>Qualification : No</p> <p>Age : No</p>	Promotion failing which by direct recruitment	A person holding a post of Junior Assistant for a period of 5 years.	Non selection.

ADMINISTRATION DEPARTMENT - 3

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
JUNIOR ASSISTANT	17700-44600	43	28	<p>Essential :-</p> <p>1] Graduate of a recognised University.</p> <p>2] 4 years experience as Office Assistant in a Govt. business or Industrial organisation.</p> <p>3] Working knowledge of Hindi and Marathi.</p> <p>Desirable :- Knowledge of Computer.</p>	<p>Qualification : No</p> <p>Age : No</p>	Promotion failing which by direct recruitment	A person holding a post of Clerk for a period of 4 years.	Non selection.

ADMINISTRATION DEPARTMENT - 4

Designation	Scale of Pay (Rs.)	No. of posts.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
CLERK/ TELEX OPERATOR/ RECEPTIONIST	16300-38200	94/ 1/ 2/	25	Essential :- 1) Graduate of a recognised University. (SSC or equivalent for JNPT PAPs). 2) 6 months training in JNPT. 3) Working knowledge of Marathi and Hindi. Desirable : 1) Knowledge of Typing with minimum speed @ 30 w.p.m. 2) Knowledge of computer.	Educational Qualification : a) For promotion SSC passed from State/Central Govt. Boards. b) No further relaxation in qualification. Age : No.	Promotion failing which by direct recruitment.	A person holding a post of Peon/Jamadar / Selp. Gr. Jamadar/Fireman/Hospital Attendant/Mazdoor for a period of 2 years is eligible for promotion.	Selection by written test conducted by outsider / outside agency and interviews.

ADMINISTRATION DEPARTMENT - 5

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
STENOGRAPHER GR. - I	21000-53500	10	28	<p>Essential :</p> <p>1) Graduate of a recognised University.</p> <p>2) Govt. Commercial certificate for minimum speed of 100 w.p.m. in English short Hand & 50 w.p.m. in English typing.</p> <p>3) Minimum 05 years experience as Stenographer in a Govt. organisation.</p> <p>Desirable :</p> <p>1) Govt. Commercial certificate for minimum 80 w.p.m. in Hindi shorthand & 40 w.p.m. in Hindi typing.</p> <p>2) Knowledge of Computer.</p> <p>3)] Working knowledge of Hindi and Marathi.</p>	<p>Qualification : Yes (SSC or equivalent for JNPT PAPs).</p> <p>Age : No.</p>	Promotion falling which by direct recruitment	<p>Promotion : A person holding a post of Stenographer Gr.II for a period of 5 years.</p>	Non selection.

ADMINISTRATION DEPARTMENT - 6

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
STENOGRAPHER Gr. - II	17700-44600	26	25	<p>Essential :</p> <p>1) Graduate of a recognised University (SSC or equivalent for JNP PAPs).</p> <p>2) Govt. Commercial certificate for minimum speed of 80 w.p.m. in English short hand & 40 w.p.m. in English typing.</p> <p>Desirable :</p> <p>1) Govt. Commercial certificate for minimum 60 w.p.m. in Hindi shorthand & 30 w.p.m. in Hindi typing.</p> <p>2) Knowledge of Computer.</p> <p>3) Working knowledge of Hindi and Marathi.</p>	Not applicable.	Direct recruitment.	Not applicable.	Not applicable.

ADMINISTRATION DEPARTMENT - 7

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
SENIOR HINDI TRANSLATOR	23600-56300	1	33	<p>Essential :</p> <p>1) Post Graduate in Hindi OR Post Graduate in English with Hindi as a subject at Graduate level OR Post Graduate with Hindi & English as a subject at Graduate level.</p> <p>2) 7 years experience in translation work of official documents.</p> <p>Desirable :</p> <p>1) Knowledge of Computer.</p> <p>2) Knowledge of Marathi.</p>	<p>Qualification : Yes</p> <p>Age : No.</p>	<p>Promotion falling which by direct recruitment</p>	<p>A person holding a post of Junior Hindi Translator for a period of 5 years.</p>	<p>Non selection.</p>

ADMINISTRATION DEPARTMENT - 8

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non-Selection)
1 JUNIOR HINDI TRANSLATOR	2 19100-51100	3 3	4 28	5 Essential : 1) Master's Degree of recognised University in Hindi/ English with English/ Hindi as compulsory/elective Subject at degree level. OR Master's Degree of recognised University in any subject with English and Hindi as compulsory/elective subject at degree level. OR Master's Degree of recognised University in any subject other than Hindi/English with Hindi and English as compulsory/elective subject or either of the two as medium of examination and the other as compulsory/elective subject at degree level. OR Master's Degree of recognised University in any subject other than Hindi/English with Hindi/English medium and English/Hindi as a compulsory/elective subject or as medium of examination at degree level. OR Bachelor degree of a recognised University with Hindi and English as compulsory/elective subject or either of the two as medium of examination and the other as compulsory/elective subject plus a recognised diploma/certificate course in translation from Hindi to English and vice-versa or two years experience of translation work from Hindi to English and vice-versa in Central/State Govt. offices including Govt. of India Undertaking. Desirable : 1) 2 years experience in translation work of official documents. 2) Knowledge of Computer 3) Knowledge of Marathi.	6 Not applicable.	7 Direct recruitment.	8 Not applicable.	9 Not applicable.

ADMINISTRATION DEPARTMENT - 9

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
HINDI TYPIST	16300-38200	1	25	Essential : 1) Graduate of a recognised University (SSC or equivalent for JNP PAPs). 2) Govt. Commercial certificate of Hindi typing minimum 40 w.p.m. 3) 6 months training in JNPT. Desirable : 1) Working knowledge of Hindi & Marathi. 2) Knowledge of Computer.	Not applicable.	Direct recruitment.	Not applicable	Not applicable

ADMINISTRATION DEPARTMENT - 10

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/ transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/ transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
SENIOR STAFF CAR DRIVER	19100-51100	3	30	1) SSC or equivalent (9th class pass for JNPT PAPs) 2) Light Motor Vehicle (LMV) Licence. 3) 6 Year experience in driving L.M.V.	Qualification : Yes Age : No.	Promotion failing which by direct recruitment	A person holding a post of Staff Car Driver for a period of 5 years.	Non selection.

ADMINISTRATION DEPARTMENT - 11

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
STAFF CAR DRIVER	16300-38200	9	25	1) SSC or equivalent (9th class pass for PAPs) 2) Light Motor Vehicle (LMV) Licence. 3) 1 Year experience in driving L.M.V. 4) Six months training in JNPT.	Not applicable.	Direct recruitment.	Not applicable.	Not applicable.

ADMINISTRATION DEPARTMENT - 12

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
SURVEYOR	21000-53500	1	25	<p>Essential : SSC OR ITI Surveyor course recognised by Govt. of Maharashtra or equivalent.</p> <p>Desirable : 1) Experience in Estate Management, valuation or Land Records. 2) Exposure to computerised office environment.</p>	Not applicable.	Direct recruitment.	Not applicable	Not applicable

ADMINISTRATION DEPARTMENT - 13

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
SELECTION GRADE JAMADAR	15600-36800	2	Not applicable	Not applicable	Not applicable	Promotion	A person holding a post of Jamadar for a period of 3 years.	Non Selection.

ADMINISTRATION DEPARTMENT - 14

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non-Selection)
1	2	3	4	5	6	7	8	9
JAMADAR	14400-32300	8	Not applicable	Not applicable	Not applicable	Promotion	A person holding a post of Peon for a period of 5 years.	Non-Selection.

ADMINISTRATION DEPARTMENT - 15

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non-Selection)
1	2	3	4	5	6	7	8	9
PEON	13500-27400	36	25	SSC or equivalent (7th class for JNP PAPs)	Not applicable.	Direct recruitment	Not applicable.	Not applicable.

MEDICAL DEPARTMENT - 1

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non-Selection)
1	2	3	4	5	6	7	8	9
MATRON	21000-53500	1	35	<p>Essential :</p> <p>1] B.Sc.(Nursing) or Diploma in Nursing from a Institution recognised by Govt. of India.</p> <p>2] 10 years experience as a Nurse including 5 years as a Sister-In-Charge or equivalent in a Hospital.</p> <p>Desirable :</p> <p>1) Working knowledge of Hindi and Marathi.</p>	Qualification : Yes. Experience & Age : No	Promotion falling which by direct recruitment.	A person holding a post of Sister-In-charge for a period of 5 years.	Non-Selection.

MEDICAL DEPARTMENT - 2

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
SISTER-IN-CHARGE	19100-51100	3	30	<p>Essential :</p> <p>1] B.Sc.(Nursing) or Diploma in Nursing from a Institution recognised by Govt. of India.</p> <p>2] 5 years experience as a Nurse in a General Hospital or 7 years in a private Nursing Home having not less than 25 beds.</p> <p>Desirable :</p> <p>Working knowledge of Hindi and Marathi.</p>	<p>Qualification : Yes.</p> <p>Experience & Age : No</p>	<p>Promotion falling which by direct recruitment.</p>	<p>A person holding a post of Nurse for a period of 4 years</p>	<p>Non Selection</p>

MEDICAL DEPARTMENT - 3

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
STAFF NURSE	17700-44600	19	25	<p>Essential :</p> <p>1] B.Sc.(Nursing) or Diploma in Nursing from a Institution recognised by Govt. of India.</p> <p>2] 1 years experience as a Nurse in a General Hospital or 3 years in a private Nursing Home.</p> <p>Desirable :</p> <p>Working knowledge of Hindi and Marathi.</p>	Not applicable.	Direct recruitment.	Not applicable.	Not applicable

MEDICAL DEPARTMENT - 4

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
SENIOR RADIOGRAPHER	19100-51100	1	35	<p>Essential :</p> <p>1) Diploma in Radiography from a Institution recognised by Govt. of India.</p> <p>2] 10 years experience as a Radiographer / X-ray Technician in a Major Hospital.</p> <p>Desirable :</p> <p>1] Working knowledge of Hindi and Marathi.</p> <p>2] Experience in a Image Technology will be preferred.</p>	Qualification : Yes. Experience & Age : No	Promotion failing which by direct recruitment.	A person holding a post of Radiographer for a period of 5 years.	Non Selection

MEDICAL DEPARTMENT - 5

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non-Selection)
1	2	3	4	5	6	7	8	9
RADIOGRAPHER	19100-51100	1	30	<p>Essential :</p> <p>1) Diploma in Radiography from a Institution recognised by Govt. of India.</p> <p>2] 5 years experience as a Radiographer / X-ray Technician in a Major Hospital.</p> <p>Desirable :</p> <p>1] Working knowledge of Hindi and Marathi.</p> <p>2] Experience in a Image Technology.</p>	Not applicable.	Direct recruitment.	Not applicable.	Not applicable

MEDICAL DEPARTMENT - 6

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
SENIOR LAB TECHNICIAN	17700-44600	1	30	<p>Essential :</p> <p>1] Diploma in Medical Laboratory Technology from Institution recognised by Govt. of India.</p> <p>2] 6 years experience in a Laboratory of Major Hospital or 8 years in a private Pathology Laboratory.</p> <p>Desirable :</p> <p>Working knowledge of Hindi and Marathi.</p>	Qualification : Yes. Experience & Age : No	Promotion failing which by direct recruitment.	A person holding a post of Lab Technician for a period of 5 years.	Non Selection

MEDICAL DEPARTMENT - 7

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
LABORATORY TECHNICIAN	17700-44600	1	25	<p>Essential :</p> <p>1] Diploma in Medical Laboratory Technology from Institution recognised by Govt. of India.</p> <p>2] 1 year experience in a Laboratory of Major Hospital or 3 years in a private pathology laboratory.</p> <p>Desirable :</p> <p>Working knowledge of Hindi and Marathi.</p>	Not applicable.	Direct recruitment.	Not applicable.	Not applicable

MEDICAL DEPARTMENT - 8

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non-Selection)
1	2	3	4	5	6	7	8	9
PHARMACIST	17700-44600	3	25	<p>Essential :</p> <p>1] Diploma in Pharmacy from Institution recognised by Govt. of India.</p> <p>2] 1 year experience in a dispensation of Medicine either in a Hospital or in a Chemist Shop.</p> <p>Desirable :</p> <p>Working knowledge of Hindi and Marathi.</p>	Not applicable.	Direct recruitment.	Not applicable.	Not applicable

MEDICAL DEPARTMENT - 9

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
THEATRE ASSISTANT	15600-36800	1	25	<p>Essential :</p> <p>1) SSC or equivalent from a State Board.</p> <p>2) 3 years experience as a Theater Assistant in a general Hospital or 5 years with a Surgical Nursing Home having 25 beds or more.</p> <p>Desirable :</p> <p>Working knowledge of Hindi and Marathi.</p>	<p>Qualification : Yes.</p> <p>Age :No</p>	Promotion falling which by direct recruitment.	A person holding a post of Hospital Attendant for a period of 5 years.	Non selection.

MEDICAL DEPARTMENT - 10

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
HOSPITAL ATTENDANT	13500-27400	14	25	Essential : SSC or equivalent from a State Board. (7th pass for JNP PAPs) Desirable : Working knowledge of Hindi and Marathi.	Not applicable.	Direct recruitment.	Not applicable	Not applicable

FINANCE DEPARTMENT - 1

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
PROGRAMME ASSISTANT	23600-56300	2	30	1) Graduate with Physics, Chemistry & Mathematics. 2) Post Graduate Diploma in Computer Application or equivalent certificate from a recognised University / Institution. 3) 3 years experience in Operation & Maintenance of Computer system. 4) Knowledge of Hindi Note : A person holding PGD in Computer Application or equivalent certificate without 3 years experience can be taken as Trainee for two years.	Qualification : Yes Age : No	Promotion failing which by direct recruitment.	A person holding a post of Computer Operator for a period of 5 years.	Non selection

FINANCE DEPARTMENT - 2

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
COMPUTER OPERATOR	19100-51100	3	25	<p>1) Graduate with Physics, Chemistry & Mathematics.</p> <p>2) Post Graduate Diploma in Computer Application or equivalent certificate from a recognised University / Institution.</p> <p>3) 3 years experience in Operation & Maintenance of Computer system.</p> <p>4) Knowledge of Hindi</p> <p>Note : A person holding PGD in Computer Application or equivalent certificate without 3 years experience can be taken as Trainee for two years.</p>	Not applicable	Direct recruitment	Not applicable.	Not applicable.

PORT PLANING AND DEVELOPMENT DEPARTMENT - 1

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
JUNIOR ENGINEER (CIVIL)	21000-53500	10	25	<p>Essential :</p> <p>1) Diploma in Civil Engineering or equivalent qualification from a Board / Institute recognised by Govt. of India.</p> <p>2) 3 years post qualification experience in Civil construction/maintenance.</p> <p>Desirable :</p> <p>Working knowledge of Hindi and Marathi.</p>	Not applicable.	Direct recruitment.	Not applicable.	Not applicable

PORT PLANING AND DEVELOPMENT DEPARTMENT - 2

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
MAZDOOR	13500-27400	16	25	8 th standard pass (5 th Standard pass for JNP PAPs)	Not applicable.	Direct recruitment.	Not applicable.	Not applicable.

MARINE DEPARTMENT - 1

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
SUPERVISOR MARINE ENGG. & SUPERVISOR POLLUTION CONTROL	21000-53500	1 2	25	Essential : 1] Diploma in Mechanical Engg. from a recognised Institute. 2] 3 years experience in Operation / maintenance of Marine crafts. OR First class driver certificate of competency issued by MOS. 3] Knowledge of Hindi.	Not applicable.	Direct recruitment.	Not applicable.	Not applicable

MARINE DEPARTMENT - 2

Designation	Scale of pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/deputation/absorption.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/ deputation/ absorption.	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
SUPERVISOR (SIGNAL STATION)	21000-53500	3	35	<p>Essential : Diploma in Electronics Engg. with 12 years experience as Signalman in a port or ship OR Certificate of Radio Telephone Operator Certificate issued by Ministry of Communication or First class operator(Special) certificate issued by the Army or Wireless Supervisor Certificate issued by Navy or Radio Telephone Operator certificate issued by the Air Force with 12 years experience as Signalman/Wireless Operator.</p> <p>Desirable : Working knowledge of Hindi & Marathi.</p>	<p>Qualification : No</p> <p>Age : No</p>	<p>Promotion failing which by deputation/ absorption from other Major Port Trust failing both by direct recruitment.</p>	<p>A person holding a post of Signal Supdt. for a period of 3 years.</p>	<p>Non selection.</p>

MARINE DEPARTMENT - 3

Designation	Scale of pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/deputation/absorption.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/deputation/absorption.	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
SIGNAL SUPERINTENDENT	19100-51100	1	35	<u>Essential:</u> Diploma in Electronic Engg. with 9 years experience as Signalman in a port or ship OR Certificate of Radio Telephone Operator Certificate issued by Ministry of Communication or First class operator(Special) certificate issued by the Army or Wireless Supervisor Certificate issued by Navy or Radio Telephone Operator certificate issued by the Air Force with 9 years experience as Signalman/Wireless Operator. <u>Desirable:</u> Working knowledge of Hindi & Marathi.	Qualification : No Age : No	Promotion failing which by deputation/absorption from other Major Port Trust failing both by direct recruitment.	A person holding a post of Sr. Signalman for a period of 5 years.	Non selection.

MARINE DEPARTMENT - 4

Designation	Scale of pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/deputation/absorption.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/ deputation/ absorption.	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
SENIOR SIGNALMAN	17700-44600	4	30	<p>Essential: Diploma in Electronic Engg. with 4 years experience as Signalman in a port or ship</p> <p>OR Certificate of Radio Telephone Operator Certificate issued by Ministry of Communication or First class operator(Special) certificate issued by the Army or Wireless Supervisor Certificate issued by Navy or Radio Telephone Operator certificate issued by the Air Force with 4 years experience as Signalman/Wireless Operator.</p> <p>Desirable: Working knowledge of Hindi & Marathi.</p>	<p>Qualification : No</p> <p>Age : No</p>	<p>Promotion failing which by deputation/ absorption from other Major Port Trust failing both by direct recruitment.</p>	<p>A person holding a post of Jr. Signalman for a period of 3 years.</p>	<p>Non selection.</p>

MARINE DEPARTMENT - 5

Designation	Scale of pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/deputation/absorption.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/deputation/absorption.	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
JUNIOR SIGNALMAN	16300-38200	3	25	<u>Essential :</u> Diploma in Electronic Engg. with 1 year experience as Signalman in a Port or ship (candidate having less than one year experience will be appointed as Trainee Jr. Signalman for a period of one year). OR Certificate of Radio Telephone Operator Certificate issued by Ministry of Communication or First class operator(Special) certificate issued by the Army or Wireless Supervisor Certificate issued by Navy or Radio Telephone Operator certificate issued by the Air Force with 1 years experience as Signalman/Wireless Operator. <u>Desirable :</u> Working knowledge of Hindi & Marathi.	Not applicable.	Direct recruitment.	Not applicable.	Not applicable.

MARINE DEPARTMENT - 6

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (In years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non-Selection)
1	2	3	4	5	6	7	8	9
STATION OFFICER	19100-51100	1	35	<p>Essential :</p> <p>1) SSC or equivalent.</p> <p>2] Sub-Officer course from National Fire Service College, Nagpur or equivalent qualification.</p> <p>3] 3 years as Sub-Officer in Fire Fighting Section of an Industrial Unit.</p> <p>Desirable :</p> <p>Working knowledge of Hindi and Marathi.</p>	<p>Qualification : Yes</p> <p>Age : No.</p>	Promotion failing which by direct recruitment.	A person holding a post of Sub-Officer for a period of 3 years.	Non selection.

MARINE DEPARTMENT - 7

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
SUB-OFFICER	17700-44600	7	35	<p>Essential :</p> <p>1) SSC or equivalent from recognised Board.</p> <p>2) Sub-Officer course from National Fire Service College, Nagpur or equivalent qualification.</p> <p>3] 9 years experience in Fire Fighting Section of an Industrial Unit.</p> <p>Desirable :</p> <p>Working knowledge of Hindi and Marathi.</p>	<p>Qualification : Yes</p> <p>Age : No.</p>	Promotion falling which by direct recruitment.	A person holding a post of Fireman for a period of 5 years.	Non-Selection.

MARINE DEPARTMENT - 8

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non-Selection)
1	2	3	4	5	6	7	8	9
SENIOR DRIVER-CUM-PUMP-OPERATOR	19100-51100	2	30	<p>Essential :</p> <p>1) SSC or equivalent.</p> <p>2) HMV Licence.</p> <p>3) 5 Years experience in driving a Fire Tender / HMV.</p> <p>Desirable :</p> <p>Working knowledge of Hindi and Marathi.</p>	<p>Qualification : Yes</p> <p>Age : No.</p>	Promotion falling which by direct recruitment.	A person holding a post of D.C.P.O. for a period of 5 years.	Non-Selection.

MARINE DEPARTMENT - 9

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non-Selection)
1	2	3	4	5	6	7	8	9
DRIVER-CUM-PUMP-OPERATOR	16300-38200	6	25	<p>Essential :</p> <p>1) SSC or equivalent.</p> <p>2) HMV Licence.</p> <p>3) 1 Year experience in driving a Fire Tender/ HMV.</p> <p>Desirable :</p> <p>Working knowledge of Hindi and Marathi.</p>	<p>Qualification : Yes</p> <p>Age : No.</p>	<p>Promotion failing which by direct recruitment.</p>	<p>A person holding a post of Fireman for a period of 3 years.</p>	<p>Non-Selection.</p>

MARINE DEPARTMENT - 10

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
FIREMAN	14400-32300	44	25	1] SSC or equivalent. 2] 6 months Training in JNPT.	Not applicable	Direct recruitment.	Not applicable.	Not applicable.

TRAFFIC/M&EE DEPARTMENT -1

Designation	Scale of Pay (Rs.)	No. san. post	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
JUNIOR ENGINEER	21000-53500	226	25	<p>Essential :</p> <p>1] Diploma in Mechanical/ Electrical/Electronics Engg. from a Technical Board recognised by the Govt. of India.</p> <p>2] 2 years Apprenticeship or training in JNPT. (One year for departmental candidates).</p> <p>Desirable : Working knowledge of Hindi & Marathi.</p>	<p>Qualification : No (Technician should have Government ITI and NCTVT).</p> <p>Age : No</p>	<p>Promotion & direct recruitment in the ratio of 1:1 (first vacancy by Promotion & next vacancy by direct recruitment.) subject to 113 post for Direct recruitment and 113 posts for promotion.</p>	<p>A person holding a post of Technician for a period of 5 years in Traffic/M&EE Department and passing the prescribed Trade Tests.</p>	Non Selection

TRAFFIC/M&EE DEPARTMENT -2

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/ transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/ transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
TECHNICIAN	19100-51100	325	25	<p>Essential :</p> <p>1)SSC or equivalent from recognised Board.</p> <p>2] NCTVT certificate issued by Central Govt.</p> <p>3] 5 years experience in respective line.</p> <p>Desirable :</p> <p>Working knowledge of Hindi & Marathi.</p>	<p>Qualification :</p> <p>ITI certificate from recognised Institute.</p> <p>Age : No</p>	<p>Promotion failing which by direct recruitment.</p>	<p>A person holding a post of Asstt. Technician for a period of 5 years in Traffic/M&EE Department .</p>	<p>Non Selection</p>

TRAFFIC/M&EE DEPARTMENT -3

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non-Selection)
1	2	3	4	5	6	7	8	9
ASSISTANT TECHNICIAN	19100-51100	196	25	<p>Essential :</p> <p>1) SSC or equivalent (9th class pass for JNP PAPs).</p> <p>2] ITI certificate issued by the Central Govt. (ITI certificate issued by the State Govt. for JNP PAPs).</p> <p>3] 6 months apprenticeship training in JNPT.</p>	<p>Qualification : Yes</p> <p>Age : No</p>	Promotion failing which by direct recruitment.	A person holding a post of Asstt. Technician Gr.-II for a period of 5 years.	Non Selection

TRAFFIC/M&EE DEPARTMENT - 4

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
ASSISTANT TECHNICIAN Gr.-II	16300-38200	44	25	Essential : 1) SSC or equivalent (9th class pass for JNP PAPs). 2) ITI certificate issued by the Central Govt. (ITI certificate issued by the State Govt. for JNP PAPs). 3) 6 months apprenticeship training in JNPT.	Not applicable	Direct recruitment.	Not applicable.	Not applicable.

TRAFFIC/M&EE DEPARTMENT -5

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/ transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/ transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
SENIOR AUTOMOBILE OPERATOR	19100-51100	22	29	<p>Essential :</p> <p>1) SSC or equivalent (9th class for JNP PAPs)</p> <p>2) Heavy Duty Driving Licence (HLV)</p> <p>3) 6 years experience in driving.</p> <p>4) 3 months apprenticeship/ Training in JNPT.</p> <p>Desirable : Working knowledge of Hindi / Marathi</p>	<p>Qualification : Yes</p> <p>Age : No</p>	Promotion failing which by direct recruitment.	A person holding a post of Automobile Operator for a period of 5 years.	Non selection

TRAFFIC/M&EE DEPARTMENT - 6

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non-Selection)
1	2	3	4	5	6	7	8	9
AUTOMOBILE OPERATOR	19100-51100	74	25	Essential : 1) SSC or equivalent (9 th class for JNP PAPs) 2) Heavy Duty Driving Licence (HLV) 3) 1 year experience in driving. 4) 3 months apprenticeship/ Training in JNPT. Desirable : Working knowledge of Hindi / Marathi.	Not applicable	Direct recruitment.	Not applicable.	Not applicable.

TRAFFIC/M&EE DEPARTMENT - 7

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
CHECKER GR.-I	23600-56300	15	35	<p>Essential :-</p> <p>1) Graduate of a recognised University (SSC or equivalent for JNP PAPs)</p> <p>2] 14 years experience in a Govt. Organisation in the relevant field.</p> <p>Desirable :-</p> <p>1] Working knowledge of Hindi and Marathi.</p> <p>2] Knowledge of computer.</p>	<p>Qualification : No.</p> <p>Age : No.</p>	<p>Promotion falling which by direct recruitment.</p>	<p>A person holding a post of Checker Gr.-II for a period of 5 years.</p>	<p>Non Selection.</p>

TRAFFIC/M&EE DEPARTMENT - 8

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
CHECKER GR.-II	19100-51100	22	30	<p>Essential :-</p> <p>1) Graduate of a recognised University (SSC or equivalent for JNP PAPs)</p> <p>2) 9 years experience in a Govt. Organisation in the relevant field.</p> <p>Desirable :-</p> <p>1] Working knowledge of Hindi and Marathi.</p> <p>2] Knowledge of computer.</p>	<p>Qualification : No.</p> <p>Age : No.</p>	<p>Promotion failing which by direct recruitment.</p>	<p>A person holding a post of Checker Gr.-III for a period of 5 years.</p>	<p>Non Selection.</p>

TRAFFIC/M&EE DEPARTMENT - 9

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non - Selection)
1	2	3	4	5	6	7	8	9
CHECKER GR.-III	17700-44600	21	28	<p>Essential :-</p> <p>1) Graduate of a recognised University (SSC or equivalent for JNP PAPs)</p> <p>2) 4 years experience in a Govt. Organisation in the relevant field.</p> <p>Desirable :-</p> <p>1) Working knowledge of Hindi and Marathi.</p> <p>2) Knowledge of computer.</p>	<p>Qualification : No.</p> <p>Age : No.</p>	<p>Promotion falling which by direct recruitment.</p>	<p>A person holding a post of Checker Gr.-IV for a period of 4 years.</p>	<p>Non Selection.</p>

TRAFFIC/M&EE DEPARTMENT -10

Designation	Scale of Pay (Rs.)	No.	Age limit for direct recruitment (in years)	Educational and other qualification required for direct recruitment	Whether age & qualifications prescribed for direct recruits will apply in the case of promotion/transfer.	Method of recruitment & percentage of vacancies to be filled by different methods of recruitment.	Eligibility for promotion/transfer	Method of promotion (Selection post or Non-Selection)
1	2	3	4	5	6	7	8	9
CHECKER GR-IV	16300-38200	124	25	<p>Essential :-</p> <p>1) Graduate of a recognised University (SSC or equivalent for JNP PAPs).</p> <p>2) 6 months training in JNPT.</p> <p>Desirable :-</p> <p>Working knowledge of Hindi and Marathi.</p>	Not applicable	Direct recruitment.	Not applicable.	Not applicable.

Navi Mumbai dated 8th December 2014.

M. G. AHIRE,
Sr. Manager (P & IR)

Serial No. 477

MCX-SX CLEARING CORPORATION LIMITED

Regd. Office : Exchange Square, CTS No. 255, Suren Road, Andheri (East), Mumbai 400 093.

No. MCX-SX CCL/L and S/2014/5320

SEBI *vide* its letter date July 11, 2014 approved the Bye-laws, Rules and MOA & AOA of the clearing corporation after abridged previous publications. The same are being published in compliance of SEBI (Stock Exchange and Clearing Corporation) Regulation, 2012 :

MCX-SX CLEARING CORPORATION LIMITED

BYE-LAWS

ARRANGEMENT OF CHAPTERS

Chapter	Description
I.	Definitions
II.	Clearing Segments
III.	[Statutory and Other ¹] Committee
IV.	Regulations
V.	Clearing Members
VI.	Clearing and Settlement of Deals
VII.	Dealings by Clearing Members
VIII.	Margins
IX.	Rights and Liabilities of Clearing Members and Constituents
X.	Arbitration
XI.	Default
XII.	Settlement Guarantee Fund
XIII.	Miscellaneous

CHAPTER I

DEFINITIONS

1. APPROVED INTERMEDIARY

"Approved Intermediary" means MCX-SX Clearing Corporation Limited registered with Securities and Exchange Board of India.

2. BOARD

"Board" means Board of Directors of MCX-SX Clearing Corporation Limited.

¹ Substituted w.e.f. January 28, 2014, prior to Substitution Chapter III read as under:
III. Executive Committee

3. CLEARING AND SETTLEMENT

"Clearing and Settlement" means clearing or settlement or clearing and settlement of deals in such manner and subject to such conditions as may be specified by the Relevant Authority from time to time, unless the context indicates otherwise.

4. CLEARING BANK(S)

Clearing Bank(s) is such bank(s) as the Clearing Corporation may appoint to act as a funds settling agency, for the collection of margin money for all deals cleared through the Clearing Corporation and any other funds movement between clearing members and the Clearing Corporation and between clearing members as may be directed by the Clearing Corporation from time to time.

5. CLEARING CORPORATION

Clearing Corporation means MCX-SX Clearing Corporation Limited.

6. CLEARING MEMBER

"Clearing Member" means a member of the Clearing Corporation and includes all categories of clearing members as may be admitted as such by the Clearing Corporation but does not denote the shareholders of the Clearing Corporation.

7. CLEARING SEGMENTS

"Clearing Segments" means the different segments or divisions for clearing and settlement of deals as may be classified by the relevant authority from time to time.

8. CLIENT /CONSTITUENT

A Client/Constituent means a person, on whose instructions and on whose account the clearing member clears and settles deals. For this purpose, the term client shall include all registered constituents of trading members of Specified Exchange.

Explanation 1: The terms „Constituent" and „Client" are used interchangeably in these Byelaws, Rules & Regulations and shall have the same meaning assigned herein.

Explanation 2: For „Constituent" in relation to trades shall also include a trading member where such trades done on the Specified Exchange are cleared and settled on his behalf by a Clearing Member.

9. DEAL

"Deal" means, unless the context indicates otherwise, a deal which is admitted to be cleared and settled through the Clearing Corporation.

10.DELIVERING MEMBER

"Delivering Member" means a clearing member who has to or has delivered documents in fulfillment of contract to which these Rules, Bye Laws and Regulations apply unless the context indicates otherwise.

11.PARTICIPANT

"Participant" means a person registered as such with MCX-SX Clearing Corporation Limited for the purpose of securities lending and borrowing.

12.RECEIVING MEMBER

"Receiving Member" means a clearing member who has to receive or has received documents in fulfillment of contracts to which these Rules, Bye Laws and Regulations apply unless the context indicates otherwise.

13.REGULATIONS

"Regulations" means Regulations of the Clearing Corporation for the time being in force and includes business rules, code of conduct and such other procedures and regulations, circulars, directives and orders as issued by the relevant authority from time to time for the operations of the Clearing Corporation.

14.RELEVANT AUTHORITY

"Relevant Authority" means the Board or such other authority as specified by the Board from time to time as relevant for a specified purpose.

15.RULES

Unless the context indicates otherwise, "Rules" means the Rules of Clearing Corporation for the time being in force.

16.SEBI

"SEBI" means the Securities and Exchange Board of India.

17.SECURITIES

"Securities" shall have the meaning assigned to it in the Securities Contracts (Regulation) Act, 1956 and shall also include such other class of instruments or products, monetary or non- monetary, scrip-less or otherwise, as may be admitted to be cleared and settled through the Clearing Corporation.

18.SECURITIES LENDING AND BORROWING SCHEME

"Securities Lending and Borrowing Scheme" means a Scheme framed by MCX- SX Clearing Corporation Limited as an Approved Intermediary for facilitating securities lending and borrowing.

19.SETTLEMENT GUARANTEE FUND

Settlement Guarantee Fund means a fund established and maintained in accordance with the relevant provisions of the Bye Laws.

20.SPECIFIED EXCHANGE

"Specified Exchange" or "specified exchange" means a recognised stock exchange under the Securities Contracts (Regulation) Act, 1956 dealings on which may be admitted to be cleared and settled by the Clearing Corporation subject to such terms and conditions as may be prescribed from time to time by the relevant authority.

21.TRADING MEMBER

"Trading Member" or "trading member" means any person admitted as a member in any specified Stock Exchange in accordance with the Rules, Bye Laws and Regulations of that Stock Exchange.

Note : The terms defined above shall mean the same when used in lower case in the Bye Laws, Rules and Regulations, unless the context indicates otherwise.

CHAPTER II

CLEARING SEGMENTS

The Clearing Corporation may establish more than one clearing segment as may be specified by the relevant authority from time to time. Deals which may be admitted to the different clearing segments for the purpose of clearing and settlement will be specified by the relevant authority from time to time.

CHAPTER III

[STATUTORY AND OTHER COMMITTEES

1.The Board may, from time to time, constitute one or more committees comprising of members of the Board or such other members as the Board may in its discretion deem fit or necessary or as may be prescribed by SEBI from time to time.

2.The Board may specify the terms of reference of such committee and delegate to such committees such powers as the Board may deem fit or as may be prescribed by SEBI from time to time and the Board may from time to time revoke such delegation or dissolve such committees.]²

CHAPTER IV

REGULATIONS

1. The Board may prescribe Regulations from time to time for the functioning and operations of the Clearing Corporation and to regulate the functioning and operations of the clearing members of the Clearing Corporation.

2. Without prejudice to the generality of the above, the Board may prescribe regulations from time to time, inter alia, with respect to:

(1) norms, procedures, terms and conditions for admission of Exchanges;

(2) norms, procedures, terms and conditions to be complied with for admission of deals for clearing and settlement by the Clearing Corporation;

(3) norms, procedures, terms and conditions for clearing and settlement of deals for different clearing segments and different securities and instruments;

(4) forms and conditions of deals to be entered into, and the time, mode and manner for performance of deals between clearing members inter se or between clearing members and their constituents;

(5) norms, procedures, terms and conditions for guaranteed settlement by the Clearing Corporation;

(6) prescription, from time to time, and administration of penalties, fines and other consequences, including suspension/expulsion of clearing members from the Clearing Corporation for defaults;

(7) norms, procedures, terms and conditions for imposition and administration of different types of margins and other charges and restrictions that may be imposed by the Clearing Corporation from time to time.

(8) determination from time to time, of fees, system usage charges, deposits, margins and other monies payable to the Clearing Corporation by clearing members and the scale of clearing and other charges that may be collected by clearing members;

(9) supervision of the clearing operations and promulgation of such Business Rules and Codes of Conduct as it may deem fit;

[(9A) maintenance of records and books of accounts by clearing members as it may deem fit and records as required under the Securities Contracts (Regulation) Act and Rules made thereunder or any other law for the time being in force.]³

² Substituted w.e.f. January 28, 2014, prior to substitution Chapter III read as under:

EXECUTIVE COMMITTEE

1. Executive Committee(s) may be appointed by the Board for the purposes of managing the day to day affairs of the different segment(s) of the Clearing Corporation in such manner as laid down in the Rules.

2. The Executive Committee of each clearing segment shall have such responsibilities and powers as may be delegated to it by the Board.

³ Inserted w.e.f January 28, 2014

(10) inspection and audit of records and books of accounts;

(11) settlement of disputes, complaints, claims arising between clearing members inter-se as well as between clearing members and persons who are not clearing members relating to any deal in securities cleared and settled through the Clearing Corporation including settlement by arbitration;

(12) norms, procedures, terms and conditions for arbitration;

(13) administration, maintenance and investment of the corpus of the Fund(s) set up by the Clearing Corporation including Settlement Guarantee Fund(s);

(14) establishment, norms, terms and conditions, functioning and procedures of clearing house, clearing through depository or other arrangements including custodial services for clearing and settlement;

(15) norms, procedures, terms and conditions in respect of, incidental to or consequential to closing out of deals;

(16) dissemination of information and announcements;

(17) any other matter as may be decided by the Board.

CHAPTER V

CLEARING MEMBERS

1. The relevant authority is empowered to admit clearing members in accordance with Rules and Regulations. The Clearing Member shall pay such fees, security deposits and other monies as may be specified by the Board or the relevant authority from time to time, on admission as Clearing Member and for continued admission. The fees, security deposits, other monies and any additional deposits paid, whether in the form of cash, bank guarantee, securities or otherwise, with the Clearing Corporation, by a Clearing Member from time to time, shall be subject to a first and paramount lien for any sum due to the Clearing Corporation and all other claims against the Clearing Member for due fulfillment of engagements, obligations and liabilities of Clearing Members arising out of or incidental to any dealings made subject to the Byelaws, Rules and Regulations of the Clearing Corporation. The Clearing Corporation shall be entitled to adjust or appropriate such fees, deposits and other monies for such dues and claims, to the exclusion of the other claims against the Clearing member, without any reference to the Clearing member. The proceeds arising out of invocation of the bank guarantees furnished by the Clearing Member in lieu of security deposits or additional deposits, on being invoked by the Clearing Corporation, shall not be reckoned as part of the Clearing Member's deposits for the purpose of enablement or exposure, etc., unless the Clearing Member complies with the conditions imposed by the Relevant Authority from time to time. The proceeds from invoking the bank guarantees shall be dealt with by the Clearing Corporation as it may deem fit.

[1A. The relevant authority may specify prerequisites, conditions, formats and procedures for application for admission, termination, re-admission, etc. of clearing members to each clearing segment. The relevant authority may, at its absolute discretion, refuse permission to any applicant to be appointed as clearing member.]⁴

2. Clearing member of any segment may clear and settle deals through the Clearing Corporation pertinent to that segment in such manner and mode and subject to such terms and conditions and procedures as may be prescribed for the clearing member.

3. Clearing members may clear and settle deals either on their own account or on behalf of their clients unless otherwise specified by the relevant authority and subject to such terms and conditions which the relevant authority may prescribe from time to time.

⁴ Inserted w.e.f. January 28, 2014.

[Conditions

4. (a) Clearing members shall adhere to the Bye Laws, Rules and Regulations of the Clearing Corporation and shall comply with such operational parameters, rulings, notices, guidelines and instructions of the relevant authority as may be applicable.
- (b) All deals cleared on the Clearing Corporation shall be in accordance with the Bye Laws, Rules and Regulations of the Clearing Corporation.
- (c) Clearing members shall furnish declarations relating to such matters and in such forms as may be prescribed by the relevant authority from time to time.
- (d) Clearing members shall furnish such information and periodic returns pertaining to their operations as may be required by the relevant authority from time to time.
- (e) Clearing members shall furnish to the extent such audited and/or unaudited financial or quantitative information and statements as may be required by the relevant authority from time to time.
- (f) Clearing members shall extend full co-operation and furnish such information and explanation as may be required for the purpose of any inspection or audit authorised by the relevant authority or other authorised official of the Stock Exchange/ Clearing Corporation into or in regard to any dealings, their settlement, accounting and/or other related matters.]⁵

CHAPTER VI

CLEARING AND SETTLEMENT OF DEALS

A.DEALS FOR CLEARING AND SETTLEMENT

1. CLEARING AND SETTLEMENT OF DEALS

- (1)The Clearing Corporation shall clear and settle such deals as provided in the Bye Laws and Regulations and save as so provided, no other deals shall be cleared and settled.
- (2)Without prejudice to the generality of the above, the relevant authority may in its discretion and subject to such conditions as it may deem fit admit any other deals.

2. ADMISSION OF DEALS

- (1)Clearing and settlement shall be permitted on the Clearing Corporation in deals which are from time to time admitted on the clearing segments by the relevant authority in accordance with the provisions of the Bye Laws and Regulations.
- (2)The relevant authority may specify securities from time to time dealings in which may be admitted in accordance with the provisions of the Bye Laws and Regulations in that regard.
- (3)The relevant authority may specify stock exchanges from time to time dealings on which may be admitted for clearing and settlement by the Clearing Corporation in accordance with the provisions of the Bye Laws and Regulations of the Clearing Corporation.

3. CONDITIONS AND REQUIREMENTS OF CLEARING AND SETTLEMENT

The relevant authority may grant admission of deals dealt in the Exchange provided all the conditions and requirements prescribed in the Bye Laws and Regulations and such other conditions and requirements as the relevant authority may prescribe from time to time are complied with.

4. REFUSAL OF ADMISSION OF DEALS

The relevant authority may, in its discretion, approve admission of deals or defer, or reject admission of deals for clearing and settlement on the Clearing Corporation, subject to such terms as it deems fit.

5. DEALS IN PROVISIONAL DOCUMENTS

- (1) The relevant authority may, in its discretion, admit deals in Provisional Documents.
- (2)Provisional Documents for the purpose of these Bye Laws and Regulations denotes Coupons,

⁵ Inserted w.e.f. January 28, 2014

Fractional Certificates, Letters of Renunciation, or transferable Letters of Allotment, Acceptance or Application or options or other rights or interests in securities, warrants issued or to be issued by an issuer or other similar documents in respect of an issuer whose securities are sought to be admitted to be cleared and settled through the Clearing Corporation.

6. SPECIFIC DEALS

The relevant authority may permit in appropriate cases as it may at its discretion decide from time to time specific deals to be cleared and settled through the Clearing Corporation in case of securities which are not admitted or are for the time being prohibited or suspended.

7. SUSPENSION OF ADMISSION OF DEALS

The relevant authority may suspend at any time the admission of deals including of any security of specified exchange on clearing segment for such period as it may determine and reinstate such deals subject to such conditions as it may deem fit.

8. WITHDRAWAL OF ADMISSION OF DEALS

The relevant authority may where it deems necessary withdraw the admission to dealings of a specified exchange either for breach of or non-compliance with any of the conditions or requirements of admission of dealings or for any other reason whatsoever.

9. READMISSION OF DEALS

The relevant authority in its discretion may readmit deals of a specified exchange which has been previously withdrawn.

B. CLEARING AND SETTLEMENT OF DEALS

10. CLEARING AND SETTLEMENT

(1) Clearing and settlement of deals in each clearing segment may be on netted basis or gross basis or trade- for-trade basis or any other basis as may be specified by the relevant authority from time to time. Settlement shall be effected by clearing members giving and receiving delivery and paying and receiving funds as may be specified by the relevant authority from time to time in the Bye Laws and Regulations.

[(2) The relevant authority may prescribe terms and conditions and processes and procedures for netting, from time to time.]

Explanation: For the purpose of this Bye-law

"Netting" means the determination by Clearing Corporation of net payment or delivery obligations of the clearing members of a recognised clearing corporation by setting off or adjustment of the inter se obligations or claims arising out of buying and selling of securities including the claims and obligations arising out of the termination by the Clearing Corporation or Stock Exchange, in such circumstances as the Clearing Corporation may specify in bye-laws, of the transactions admitted for settlement at a future date, so that only a net claim be demanded, or a net obligation be owed.

(A) Novation

(a) Novation means the act of a clearing corporation interposing itself between both parties of every trade, being the legal counterparty to both.

(b) The relevant authority may prescribe terms and conditions and processes and procedures to effect novation, from time to time.

(B) Settlement and Netting

1. Payment and settlement in respect of a transaction between parties referred above, shall be final, irrevocable and binding on the parties. When a settlement has become final and irrevocable, the right of clearing corporation, to appropriate any collaterals or deposits or margins contributed by the trading member, clearing member or client towards its settlement or other obligations in accordance with the bye-laws shall take priority over any other liability of or claim against the said trading member, clearing member or client, as the case may be. in terms of the applicable laws

2. The relevant authority may prescribe terms and conditions and processes and procedures in

this regard, from time to time.

(C) Guarantee of Settlement of Trades

1. The Clearing Corporation guarantees the completion of Clearing and settlement of deals admitted to it for clearing and settlement of obligations in terms of the provisions of these Bye-Laws and the Rules and Regulations of the Clearing Corporation.
2. The relevant authority may prescribe terms and conditions and processes and procedures in respect of settlement guarantee, from time to time.
3. The relevant authority may from time to time exclude deals or classes of deals from the settlement guarantee mentioned in clause (1) above.]⁶

11. PRIVACY OF CONTRACT

(1) Except as provided herein, clearing members giving and receiving delivery as provided in the Bye Laws and Regulations shall be deemed, notwithstanding that no direct contract may exist between them, to have made a contract with each other as sellers and buyers. However the rights and liabilities of delivering and receiving member in relation to their immediate contracting party shall not be deemed to be affected thereby except that the selling member (unless he be himself the delivering member) shall be released from all responsibility in regard to the title, ownership, genuineness, regularity and validity of the documents received by the receiving member and in regard to the loss and damages arising therefrom, which shall be dealt with in accordance with the provisions of Bye Laws and Regulations thereof.

(2) In cases where the Clearing Corporation may specify either generally or specifically, clearing members giving and receiving delivery and paying and receiving funds as provided in the Bye Laws and Regulations shall be deemed, notwithstanding that no direct contract exists between them, to have made a contract with the Clearing Corporation as sellers and buyers and between themselves as delivering and receiving members; provided further however that in such event the rights and liabilities of delivering and receiving member with the Clearing Corporation shall not be deemed to be affected thereby except that the Clearing Corporation shall not be responsible in respect of the title, ownership, genuineness, regularity and validity of the documents delivered or received and in regard to the loss and damages arising therefrom, which shall be dealt with in accordance with the provisions of Bye Laws and Regulations thereof.

12. ARRANGEMENT FOR CLEARING AND SETTLEMENT

(1) Clearing and settlement of deals shall be effected by clearing members by adopting and using such arrangements, systems, agencies or procedures as may be prescribed or specified by the relevant authority from time to time. Without prejudice to the generality of the above, the relevant authority may prescribe or specify from time to time such custodial, depository and other services for adoption and use by clearing members and their constituents to facilitate smooth operation of the clearing and settlement arrangement or system.

(2) The clearing and settlement function may be performed by the Clearing Corporation or it may take assistance of any agency identified by the relevant authority for the purpose.

(3) Save as otherwise expressly provided in the Bye Laws and Regulations, when funds and securities are cleared and/or settled under a prescribed arrangement, the settlement responsibility shall rest wholly and solely upon the counter parties to the contract and/or the concerned clearing members as the case may be and the Clearing Corporation shall act as the common agent of the clearing members for receiving or giving delivery of securities and for receiving and paying funds, without incurring any liability or obligation as a principal.

13. OPERATIONAL PARAMETERS FOR CLEARING

(1) The relevant authority may determine and announce from time to time operational parameters regarding clearing of deals through the Clearing Corporation which the clearing members shall adhere to.

(2) The operational parameters may, inter alia, include :

- (a) clearing limits allowed which may include clearing limits with reference to networth and capital adequacy norms;
- (b) clearing volumes and limits at which it will be incumbent for clearing members to intimate the Clearing Corporation;

⁶ Inserted w.e.f. January 28, 2014.

- (c) fixation of delivery lots for different settlement types;
- (d) other matters which may affect smooth operation of clearing of deals keeping in view larger interest of the public;
- (e) determining types of deals permitted for a clearing member and for a security;
- (f) determining functional details of the clearing and settlement system including the system design, user infrastructure and system operation.

14. CLEARING HOURS

- (1) The hours for clearing and settling of different segments of the Clearing Corporation shall be during such time as may be decided by the relevant authority from time to time. The relevant authority may, from time to time, specify clearing hours for different types of deals and different segments.
- (2) The relevant authority may declare a list of holidays in a calendar year. The relevant authority may from time to time alter or cancel any of the holidays fixed in accordance with these provisions. It may, for reasons to be recorded, suspend clearing and settlement operations on days other than or in addition to holidays.

15. DELIVERY OF SECURITIES

- (1) Delivery and settlement of all securities, documents and papers and payment in respect of all deals shall be in such manner and such place(s) as may be prescribed by the relevant authority from time to time.
- (2) The relevant authority shall specify from time to time, the securities, documents and papers which, when delivered in prescribed manner, shall constitute good delivery. Where circumstances so warrant, the relevant authority may determine, for reasons to be recorded, whether or not a delivery constitutes a good delivery, and such findings shall be binding on parties concerned. Where the relevant authority determines that a delivery does not constitute a good delivery, the delivering party shall be required to substitute good delivery instead within such time as may be specified.
- (3) The norms and procedures for delivery with respect to market lot, odd lot, minimum lot, part delivery, delivery of partly paid securities etc., shall be as prescribed by the relevant authority from time to time.
- (4) The requirements and procedures for determining disputed deliveries or defective deliveries, and measures, procedures and system of resolving the dispute or defect in deliveries or of consequences of such deliveries or their resolution shall, subject to these Bye Laws, be as prescribed by the relevant authority from time to time.

16. CLOSING OUT

- (1) A deal admitted for clearing and settlement may be closed out on failure of a clearing member to comply with any of the provisions relating to delivery, payment and settlement of deals or on any failure to fulfill the terms and conditions subject to which the deal has been made, or such other circumstances as the relevant authority may specify from time to time. The deal may be closed out by the Clearing Corporation in such manner, within such time frame and subject to such conditions and procedures as the relevant authority may prescribe from time to time.
- (2) Without prejudice to the generality of the foregoing, the relevant authority may close out deals, inter alia, by buying in or selling out against a clearing member as follows:-
 - (a) in case of the selling clearing members, on failure to complete delivery on the due date; and
 - (b) in case of the buying clearing members, on failure to pay the amount due on the due date,
 - (c) and any loss, damage or shortfall sustained or suffered as result of such closing out shall be payable by the clearing members who failed to give due delivery or to pay amount due.

17. BORROWING OF SECURITIES

Notwithstanding anything contained in Byelaw 16 hereinabove, in the event of failure of the Delivering Member to complete delivery of specified securities on the due date, the Clearing Corporation may borrow the securities specified by it on behalf of such Delivering Member in such manner, within such time frame and subject to such conditions and procedures as the relevant authority may prescribe from time to time, and deliver them to the Receiving Member(s) and / to complete the delivery. Such Delivering Member shall return the specified securities within the time stipulated by the relevant authority together with such fees and charges as may be prescribed by the relevant authority.

In the event of failure of the Delivering Member to return the securities borrowed by the Clearing Corporation on its behalf within the stipulated time, the Clearing Corporation shall buy the securities on behalf of the member in the manner and method prescribed by the relevant authority and may recover the amount thereof from such member together with such other fees and charges as may be prescribed by the relevant authority.

In the event the Clearing Corporation fails to buy- in the securities to be returned on behalf of such borrowing Delivering Member, the Clearing Corporation may effect close out in respect of the securities, to the extent that it could not be bought in, in the manner prescribed by the relevant authority and recover the amount of such close out and fees from such member.

18. FAILURE TO MEET OBLIGATIONS

In the event a clearing member fails to meet obligations to the Clearing Corporation arising out of clearing and settlement operations of admitted deals, the relevant authority may charge such interest, impose such penalties and fines and take such disciplinary action against the clearing member as it may determine from time to time. Any disciplinary action which the relevant authority takes pursuant to the above shall not affect the obligations of the clearing member to the Clearing Corporation or any remedy to which the Clearing Corporation may be entitled under applicable law.

CHAPTER VII

DEALINGS BY CLEARING MEMBERS

1. JURISDICTION

(1) All deals admitted by the Clearing Corporation for clearing and settlement shall be deemed to have been entered into in the city of Mumbai unless provided otherwise expressly by the relevant authority.

(2) The relevant authority may, from time to time, specify deals as subject to a particular jurisdiction, having regard to the type or nature of the deal, the exchange on which the deal was struck and other relevant factors.

2. RECORD FOR EVIDENCE

The record of the Clearing Corporation as maintained by a central processing unit or a cluster of processing units or computer processing units, whether maintained in any other manner shall constitute the agreed and authentic record in relation to any deals cleared and settled through the Clearing Corporation. For the purposes of any disputes regarding clearing and settlement of deals the records as maintained by the Clearing Corporation shall constitute valid evidence in any dispute or claim between the constituents and the clearing member of the Clearing Corporation or between the clearing members of the Clearing Corporation inter-se or between the clearing members and the Clearing Corporation.

3. CLEARING MEMBER ONLY PARTIES TO DEALS

The Clearing Corporation does not recognise as parties to deals any persons other than its own clearing members, and every clearing member is directly and wholly liable in accordance with whom such clearing member has any deal for due fulfillment of the deal or to the Clearing Corporation as may be specified by the relevant authority, whether such deal be for account of the clearing member effecting it or for account of a constituent.

4. ALL DEALS SUBJECT TO RULES, BYE LAWS AND REGULATIONS

All deals shall be made subject to the Rules, Bye Laws and Regulations of the Clearing Corporation and this shall be a part of the terms and conditions of all such deals and the deals shall be subject to the exercise by the relevant authority of the powers with respect thereto vested in it by the Bye Laws, Rules and Regulations of the Clearing Corporation.

5. INVIOABILITY OF ADMITTED DEALS

(1) All the dealings in securities on the Clearing Corporation made subject to the Byelaws, Rules and Regulations of the Clearing Corporation shall be inviolable and shall be cleared and settled in accordance with the Byelaws, Rules and Regulations of the Clearing Corporation. However, the Clearing Corporation may by a notice annul the deal(s) on an application by a Clearing Member in that behalf, if the relevant authority is satisfied after hearing the other party/parties to the deal(s) that the deal(s) is /are fit for annulment on account of fraud or wilful misrepresentation or material mistake in the trade.

(2) Notwithstanding anything contained in clause (1) above, the Clearing Corporation may, to protect the interest of investors in securities and for proper regulation of the securities market, Suo-Motu annul deal(s) at any time if the relevant authority is satisfied for reasons to be recorded in writing that such deal(s) is/ are vitiated by fraud, material mistake, misrepresentation or market or price manipulation and the like.

(3) Any annulment made pursuant to clauses (1) and (2) above, shall be final and binding upon the parties to trade(s). In such an event, the Clearing Member shall be entitled to cancel the relevant deal(s) with its constituents.

6. DEALS BY REPRESENTATIVE CLEARING MEMBERS

A clearing member may authorise another clearing member to act as a representative for a specified period with the prior permission of the relevant authority.

7. INDEMNITY

The Clearing Corporation shall not be liable for any activity of the clearing member or any person acting in the name of the clearing member whether authorised or unauthorised including deals cleared and settled through the Clearing Corporation save and except as and to the extent provided in the Bye Laws and Regulations.

CHAPTER VIII

MARGINS

1. MARGIN REQUIREMENTS

(1) The relevant authority may from time to time prescribe requirements of margins including collection of margins (including VaR margins) on an upfront basis for deals cleared and settled through the Clearing Corporation and the clearing member shall furnish such margin as a condition precedent from such date as may be specified by the Clearing Corporation.

(2) Every Clearing Member has a continuing obligation to maintain margins at such levels and during such periods as may be stipulated by the Clearing Corporation from time to time.

2. FORM OF MARGIN

The margins to be provided by a clearing member under the Bye Laws and Regulations shall be in cash. The relevant authority may at its discretion accept deposit receipts, guarantee of a bank(s) approved by the relevant authority or securities approved by it or such other mode as may be approved and subject to such terms and conditions as the relevant authority may impose from time to time. Any such substitute like deposit receipt, securities approved by it or any other mode duly approved shall be deemed to have been pledged and/or hypothecated as the case may be in favour of the Clearing Corporation.

3. QUANTUM OF MARGIN

The clearing member depositing margins, in the form of securities by way of pledge or otherwise or in such other mode as may be prescribed by the relevant authority from time to time, shall always maintain the value thereof at not less than the quantum of margin required for the time being covered by them by providing further security to the satisfaction of the relevant authority which shall determine the said value and whose valuation shall conclusively fix the amount of any deficiency to be made up from time to time.

4. MARGIN TO BE HELD BY THE CLEARING CORPORATION

The margins shall be held by the Clearing Corporation and when they are in the form of bank deposit receipts and securities such receipts and securities may be transferred to such persons or to the name of a custodian or such other entity approved by the Clearing Corporation. All margin deposits shall be held by the Clearing Corporation and/or by the approved persons and/or by the approved custodian solely for and on account of the Clearing Corporation without any right whatsoever on the part of the depositing clearing member or those in its right to call in question the exercise of such discretion.

5. LIEN ON MARGINS

The monies paid by way of margin or bank deposit receipts or other securities or assets pledged or hypothecated by a clearing member in lieu of margin under the provisions of the Bye Laws and Regulations shall be subject to a first and paramount lien for all sums due to the Clearing Corporation. Margin shall be available in preference to all other claims against the clearing member for the due fulfillment of his obligations and liabilities arising out of or incidental to any deals made subject to the Bye Laws, Rules and Regulations of the clearing corporation or anything done in pursuance thereof.

6. UTILISATION FOR FAILURE TO MEET OBLIGATIONS

In the event a clearing member fails to meet obligations to the Clearing Corporation arising out of clearing and settlement operations of such deals as provided in the Bye Laws and Regulations, the relevant authority shall be entitled to utilise any amount paid by the said clearing member in the form of margin or any other payment retained by the Clearing Corporation for the purpose of clearing and settlement.

7. EVASION OF MARGIN REQUIREMENTS FORBIDDEN

A clearing member shall not directly or indirectly enter into any arrangement or adopt any procedure for the purpose of evading or assisting in the evasion of the margin requirements prescribed under the Bye Laws and Regulations.

8. SUSPENSION ON FAILURE TO PAY MARGIN

If a clearing member fails to pay margin as required in the Bye Laws and Regulations, the relevant authority may take such action as it may deem fit and specified from time to time including suspension.

9. INTEREST, DIVIDEND AND CALLS

(1)The receiving member shall be entitled to receive all vouchers, coupons, dividends, cash bonus, bonus issues, rights and other privileges which may relate to securities bought cum voucher, cum coupons, cum dividends, cum cash bonus, cum bonus issues, cum rights, etc. The delivering member shall be entitled to receive all vouchers, coupons, dividends, cash bonus, bonus issues, rights and other privileges which may relate to securities sold ex voucher, ex coupons, ex dividends, ex cash bonus, ex bonus issues, ex rights, etc.

(2)The manner, mode, information requirements, alterations, date and timing etc., of adjustment with respect to vouchers, coupons, dividends, cash bonus, bonus issues, rights and other privileges between the receiving and delivering member shall be as prescribed by the relevant authority from time to time. Save as otherwise provided in the Bye Laws and Regulations, the clearing members shall be responsible between themselves and to their constituents for effecting such adjustments.

(3)In respect of a deal in securities which shall become or are exchangeable for new or other securities under a scheme of reconstruction or reorganisation, the delivering member shall deliver to the receiving member, as the relevant authority directs, either the securities contracted for or the equivalent in securities and/or cash and/or other property receivable under such scheme of reconstruction or reorganisation.

10. CLEARING FEES

The relevant authority may prescribe from time to time fees, charges and recoveries to be levied on the clearing members in respect of clearing and settlement of deals.

CHAPTER IX

RIGHTS AND LIABILITIES OF CLEARING MEMBERS AND CONSTITUENTS

1. MARGIN FROM CONSTITUENTS

A clearing member shall have the right to demand from its constituent the margin he has to provide under the Rules, Bye Laws and Regulations in respect of the business done by him for such constituent. A clearing member shall also have the right to demand an initial margin in cash and securities from its constituent before undertaking to clear his obligations and to stipulate that the constituent shall pay a margin or furnish additional margin according to changes in market prices. The constituent shall when from time to time called upon to do so forthwith pay margins and furnish additional margins as required under the Rules, Bye Laws and Regulations in respect of his obligations and as agreed upon by him with the clearing member concerned.

2. CONSTITUENT IN DEFAULT

(1) A clearing member shall not transact business directly or indirectly for a constituent who to his knowledge is in default to another clearing member unless such constituent shall have made a satisfactory arrangement with the clearing member who is his creditor.

(2) On the application of a creditor clearing member who refers or has referred to arbitration its claim against the defaulting constituent as provided in the Rules, Bye Laws and Regulations, the relevant authority shall issue orders against any clearing members restraining them from paying or delivering to the defaulting constituent any monies or securities up to an amount or value not exceeding the creditor member's claim payable or deliverable by him to the defaulting constituent in respect of deals subject to the Bye Laws, Rules and Regulations of the Clearing Corporation, which moneys and securities shall be deposited with the Clearing Corporation. The moneys and securities deposited shall be disposed of in terms of the award in arbitration and pending a decree shall be deposited with the concerned Court when filing the award unless the creditor clearing member and the defaulting constituent mutually agree otherwise.

3. CLOSING-OUT OF CONSTITUENT'S ACCOUNT

Unless otherwise prescribed by the relevant authority from time to time, when closing-out the account of a constituent a clearing member may assume or take over such deals to his own account as a principal at prices which are fair and justified by the condition of the market or he may close-out in the open market and any expense incurred or any loss arising therefrom shall be borne by the constituent.

4. CLEARING MEMBER NOT LIABLE TO ATTEND TO REGISTRATION OF TRANSFER

Unless otherwise prescribed by the relevant authority from time to time, a clearing member shall not be deemed to be under any obligation to attend to the transfer of securities and the registration thereof in the name of the constituent. If it attends to such work in the ordinary course or at the request or desire or by the consent of the constituent it shall be deemed to be the agent of the constituent in the matter and shall not be responsible for loss in transit or for the company's refusal to transfer or not be under any other liability or obligation other than that specifically imposed by the Rules, Bye Laws and Regulations. The stamp duty, the transfer fees and other charges payable to the company, the fee for attending to the registration of securities and all incidental expenses such as postage incurred by the clearing member shall be borne by the constituent.

5. REGISTRATION OF SECURITIES WHEN IN THE NAME OF CLEARING MEMBER OR NOMINEE

(1) When the time available to the constituents of a clearing member is not sufficient for them to complete transfers and lodge the securities for registration before the closing of the transfer books and where the security is purchased cum interest, dividend, bonus or rights which the company may have announced or declared, the clearing member may register the securities in its or its nominee's name and recover the transfer fee, stamp duty and other charges from the buying constituent.

(2) The clearing member shall give immediate intimation to the Clearing Corporation of the names of such constituents and details of the deals as may be specified by the relevant authority from time to time. The clearing member shall also give immediate intimation thereof to the buying constituent and shall stand indemnified for the consequences of any delay in delivery caused by such action.

(3) The clearing member shall be obliged to re-transfer the security in the name of the original constituent as soon as it has become ex interest, dividend, bonus or rights.

6. CLOSING-OUT BY CONSTITUENT ON FAILURE TO PERFORM A DEAL

If a clearing member fails to complete the performance of a deal by delivery or payment in accordance with provisions of the Rules, Bye Laws and Regulations the constituent shall, after giving notice in writing to the clearing member, close out such deal through any other clearing member as soon as possible and any loss or damages sustained as a result of such closing out shall be immediately payable by the defaulting clearing member to the constituent. If the closing out be not effected as provided herein, the damages between the parties shall be determined on such basis as may be prescribed by the relevant authority from time to time and the constituent and the clearing member shall forfeit all further rights of recourse against each other.

7. COMPLAINT BY CONSTITUENT

When a complaint has been lodged by a constituent with the relevant authority that any clearing member has failed to perform his dealings, the relevant authority shall investigate the complaint and if it is satisfied that the complaint is justified it may take such disciplinary action as it deems fit.

8. RELATIONSHIP BETWEEN CLEARING MEMBER AND CONSTITUENT

Without prejudice to any other law for the time being in force and subject to these Bye Laws, the mutual rights and obligations inter se between the clearing members and their constituents shall be such as may be prescribed by the relevant authority from time to time.

CHAPTER X

ARBITRATION

1. All claims, disputes, differences arising between Clearing Members and Constituents or between Clearing Members inter se arising out of or related to deals admitted for clearing and settlement by the Clearing Corporation or with reference to anything done in respect thereto or in pursuance of such deals shall be referred to and decided by arbitration as provided in the Rules, Byelaws and Regulations of the MCX Stock Exchange Limited if the deal originated from it or in pursuance thereof.

2. All claims, disputes, differences arising between Clearing Members and Constituents or between Clearing Members inter se arising out of or related to deals admitted for clearing and settlement by the Clearing Corporation or with reference to anything done in respect thereto or in pursuance of such deals shall be referred to and decided by Arbitration as provided in the Rules, Byelaws and Regulations of the Clearing Corporation if the deal originated from any Exchange other than the MCX Stock Exchange Limited or in pursuance thereof. The provisions these Byelaws providing for such Arbitration are as hereunder:

(1) Definitions

(a) 'arbitrator' shall mean a sole arbitrator or a panel of arbitrators.

(b) 'Act' shall mean the Arbitration and Conciliation Act, 1996 and includes any statutory modification, replacement or re-enactment thereof, for the time being in force.

Reference to Arbitration

(2) All claims, difference or disputes between the Clearing Members inter se and between Clearing Members and Constituents arising out of or in relation to dealings, contracts and transactions made subject to the Bye-Laws, Rules and Regulations of the Clearing Corporation or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto and including any question of whether such dealings, transactions and contracts have been entered into or not shall be submitted to arbitration in accordance with the provisions of these Byelaws and Regulations. Provisions of these Byelaws and Regulations deemed to form part of all dealings, contracts and transactions

(3) In all dealings, contracts and transactions, which are made or deemed to be made subject to the Byelaws, Rules and Regulations of the Clearing Corporation, the provisions relating to arbitration as provided in these Byelaws and Regulations shall form and shall be deemed to form part of the dealings, contracts and transactions and the parties shall be deemed to have entered into an arbitration agreement in writing by which all claims, differences or disputes of the

nature referred to in Byelaw (2) above shall be submitted to arbitration as per the provisions of these Byelaws and Regulations.

Limitation period for reference of claims, differences or disputes for arbitration

[(4) All claims, differences or disputes referred to in Bye law 2 above shall be submitted to arbitration within the period prescribed under the Limitation Act, 1963.]

Power of the Relevant Authority to prescribe Regulations

(5) (a) The Relevant Authority may, from time to time prescribe Regulations for the following:

(i) The procedure to be followed by the parties in arbitral proceedings. In particular, and without prejudice to the generality of the foregoing power, such procedure may, inter alia, provide for the following:

- (a) the forms to be used; (b) the fees to be paid;
- (c) the mode, manner and time period for submission of all pleadings by both the parties;
- (d) matters relating to requests from the parties for amending or supplementing the pleadings; and
- (e) the consequences upon failure to submit such pleadings by the parties.

(ii) The procedure to be followed by the arbitrator in conducting the arbitral proceedings. In particular, and without prejudice to the generality of the foregoing power, such procedure may, inter alia, provide for

- (a) adjournment of hearings; and
- (b) terms and conditions subject to which the arbitrator may appoint experts to report on specific issues and the procedure to be followed in arbitral proceedings upon such an appointment.
- (c) passing interim orders/directions if deemed fit.

(iii) Different set of arbitration procedures for different claims, differences or disputes after taking into consideration such circumstances and facts as the Relevant Authority may deem fit, which circumstances and facts may include the value of the subject matter and the persons who are involved as parties to such claims, differences or disputes.

(iv) Creation of seats of arbitration for different regions or prescribing geographical locations for conducting arbitrations and prescribing the courts which shall have jurisdiction for the purpose of the Act.

(v) The claims, differences or disputes which may be referred to a sole arbitrator and the claims, differences or disputes which may be referred to a panel of arbitrators.

(vi) The procedure for selection of persons eligible to act as arbitrators.

(vii) The procedure for appointment of arbitrator.

(viii) The terms, conditions and qualifications subject to which any arbitrator may be appointed.

(ix) Determination of the number of arbitrators in the case of a panel of arbitrators.

(x) The time period within which a substitute arbitrator has to be appointed in case the office of the arbitrator falls vacant for any reason whatsoever.

(xi) The matters to be disclosed by any person who is approached in connection with his possible appointment as an arbitrator.

(xii) The procedure to be adopted by the parties for challenging the appointment of an arbitrator.

(xiii) (a) The claims, differences or disputes which, may be decided by the arbitrator without a hearing unless either party in writing requests the Relevant Authority for a hearing and the time period within which such a request shall be made.

(b) The claims, differences or disputes which, may be decided by the arbitrator only by hearing the parties unless both the parties jointly waive the right to such hearing and the time period within which such a waiver shall be made.

(xiv) The place of arbitration for each reference and the places where the arbitrator can meet for consultation, for hearing witnesses, experts, or the parties, or for inspection of documents, goods or other property.

(xv) The making of the arbitral award including the manner in which a decision is to be taken in the case of panel of arbitrators and the form and contents of the arbitral award. The term arbitral award shall also include an arbitral award on agreed terms. Prescriptions as to the contents of the arbitral award may include provisions for costs and where the arbitral award is for the payment of money, may include interest payable on principal sum due.

(xvi) The amount of deposit or supplementary deposit, as the case may be, as an advance for the costs which it expects will be incurred in respect of the claim, difference or dispute; provided where a counterclaim is submitted to the arbitrator, a separate amount of deposit for the counter-claim may also be prescribed.

(xvii) The administrative assistance which the Clearing Corporation may render in order to facilitate the conduct of arbitral proceedings.

(xviii) All matters regarding the mode and the manner of service of notices and communications by the parties including communication addressed to arbitrator.

(xix) Any other matter which in the opinion of the Relevant Authority is required to be dealt with in the Regulations to facilitate arbitration.

(5) (b) The Relevant Authority from time to time may amend, modify, alter, repeal, or add to the provisions of the Regulations.

Disclosure by persons to be appointed as arbitrators

(6) Every person who is approached in connection with his possible appointment as an arbitrator shall disclose to the Relevant Authority in writing any circumstances likely to give rise to justifiable doubts as to his independence and impartiality. If the person discloses any circumstances which in the opinion of the Relevant Authority are likely to give rise to justifiable doubts as to his independence and impartiality, then he shall not be appointed as an arbitrator.

Disclosure by persons appointed as arbitrators

(7) An arbitrator, from the time of his appointment and throughout the arbitral proceedings, shall, without delay, disclose to the Relevant Authority in writing any circumstances referred to in Byelaw (6) above which have come to his knowledge after his appointment as an arbitrator.

Termination of mandate of the arbitrator

(8) The mandate of the arbitrator shall terminate if

(a) the arbitrator withdraws from office for any reason; or

(b) in the opinion of the Relevant Authority, the arbitrator becomes de jure or de facto unable to perform his functions or for other reasons fails to act without undue delay including failure to make the arbitral award within the time period prescribed by the Relevant Authority. Such a decision of the Relevant Authority shall be final and binding on the parties; or

(c) the mandate of the arbitrator is terminated by the Relevant Authority upon receipt of written request for the termination of the mandate of the arbitrator from both the parties to arbitration; or

(d) the arbitrator discloses any circumstances referred to in Byelaws (6) and (7) which in the opinion of the Relevant Authority are likely to give rise to justifiable doubts as to his independence and impartiality; or

(e) the arbitral proceedings are terminated as provided for herein. Supplying of vacancy to the office of the arbitrator

(9) At any time before the making of the arbitral award should the office of the arbitrator all vacant for any reason whatsoever including any vacancy due to the illness or death of the arbitrator or termination of the mandate of the arbitrator by the Relevant Authority or otherwise, the vacancy shall be supplied by the Relevant Authority by following the same procedure as specified by it for appointment of the arbitrator.

Consideration of recorded proceedings and evidence

(10) Unless otherwise agreed by parties, any arbitrator who has been appointed by the Relevant Authority to supply a vacancy to the office of the arbitrator may repeat any hearings previously held.

Order or ruling of previous arbitrator not invalid

(11) An order or ruling of the arbitrator made prior to the termination of his mandate shall not be invalid solely because his mandate has been terminated; provided that when the termination has been effected pursuant to Byelaw (8) (d), the order or ruling of the arbitrator made prior to termination of his mandate shall become invalid unless otherwise agreed upon by the parties.

Interim arbitral award and interim measures ordered by the arbitrator

(12) The arbitrator may be empowered to make an interim arbitral award as well as to provide interim measures of protection. An arbitrator may require a party to provide appropriate security in connection with an interim measure.

Appearance in arbitral proceedings by counsel, attorney or advocate

(13) In arbitral proceedings where both the parties are Clearing Members, the parties shall not be permitted to appear by counsel, attorney or advocate but where one of the parties is a Constituent, and then the Constituent shall be permitted to appear by counsel, attorney or advocate. If the Constituent chooses to appear by counsel, attorney or advocate, then the Clearing Member shall be granted a similar privilege.

[(14)(a) Time for appointment of Arbitrator]

Where an arbitration application is made, the appointment of arbitrator or panel of arbitrators, shall be completed within thirty days of receipt of the application.

(b) Adjournment

Adjournment, if any, shall be granted by the arbitrator only in exceptional cases, for bonafide

reasons to be recorded in writing.

(c)Time for Completion of Arbitration

The arbitrator(s) shall conclude the arbitration reference within four months from the date of their appointment, by issuance of an arbitral award.

(d)Request for extension

The time for making an arbitral award may be extended for a total period not exceeding two months by Relevant Authority on an application by either party or the arbitrator(s), for sufficient cause to be recorded in writing.]⁷

[Implementation of Arbitral Award

(14A) Notwithstanding anything contained in the Bye-laws, in cases where the arbitral award or appellate arbitral award is passed against the Clearing Member and in favour of a Constituent, the Clearing Corporation shall debit from the deposits or other monies of the Clearing Member lying with the Clearing Corporation, the amount of award payable to the awardee together with interest payable, if any, till the date of debit after setting off the counter claim of the Clearing Member and /or its Constituent allowed under the award, if any, and keep aside the said amount in a separate account to be dealt with in such manner as mentioned in Bye-laws 2(14B) and 2(14C) of Chapter X.

Provided however, where the award is for the delivery of securities, the Clearing Corporation may consider the closing price of such securities on the Stock Exchange as on the date of the award or such other date the Relevant Authority may specify to be reasonable, stating reasons for arriving at the value of such securities and award amount.

Payment of Debited Amount

(14B) (a) Arbitral Award:- Where the Clearing Member chose not to prefer an appeal under Bye-law 19 within the time permissible there under, the amount debited under Bye-law 14A shall be paid, together with the interest earned thereon, to the awardee.

(b) Appellate Arbitral Award:- Where an appeal is preferred by the Clearing Member under Bye-law 19 and the appellate arbitral tribunal makes an appellate arbitral award against the Clearing Member the Clearing Corporation shall pay the awarded amount to the awardee from the amount debited under Bye-law 14A:-

(i) where no application is made by the Clearing Member under Section 34 of the Arbitration and Conciliation Act, 1996 to challenge such arbitral award within the limitation period for making such application, upon expiry of such limitation period;

(ii) where such an application is made by the Clearing Member, and no stay is granted by the court within three months from the date of receipt of appellate arbitral award by him, upon completion of such three months;

(iii) in any other case, upon dismissal of the application by the court.

Reversal of Debit in Certain Cases

⁷ Substituted with effect from June 01, 2012. Prior to substitution Bye-law 2(14) read as under:

Arbitral award by arbitrator

“(14) The arbitrator shall make the arbitral award within one month from the date of entering upon the reference and the time to make the award may be extended from time to time by the Relevant Authority on an application by either of the parties or the arbitrator as the case may be.

For the purpose of this Byelaw the arbitrator shall be deemed to have entered upon a reference on the date on which the arbitrator has or is deemed to have applied his mind.”

(14C) Where the arbitral award or the appellate arbitral award against the Clearing Member has been set aside or has been modified by reduction of awarded amount, and such setting aside or modification has attained finality, the Clearing Corporation may reverse the debit, in full or in part, as the case may be, and pay the reduced amount, if any, to the awardee.]⁸

Arbitration proceedings subject to the provisions of the Act

(15)The arbitration proceedings as provided for by the provisions of these Byelaws and Regulations shall be subject to the provisions of the Act to the extent not provided for in these Byelaws or the Regulations.

Construction of references

(16)For the purposes of section 2(6) of the Act, in all claims, differences or disputes which are required to be submitted to arbitration as per the provisions of these Byelaws and the Regulations, wherever Part A of the Act leaves the parties free to determine a certain issue, the parties shall be deemed to have authorised the Relevant Authority to determine that issue.

Administrative assistance

(17)For the purpose of section 6 of the Act, in all claims, differences or disputes which are required to be submitted to arbitration as per the provisions of these Byelaws and Regulations, the parties shall be deemed to have arranged for administrative assistance of the Relevant Authority in order to facilitate the conduct of the arbitral proceedings.

Jurisdiction

(18)All parties to a reference to arbitration under these Byelaws and Regulations and the persons, if any, claiming under them, shall be deemed to have submitted to the exclusive jurisdiction of the courts in Mumbai or any other court as may be prescribed by the Relevant Authority for the purpose of giving effect to the provisions of the Act.

[Appellate Arbitration

(19) Any party aggrieved by an arbitral award made under these Bye-laws shall have a right of appeal, in terms of the following:-

(a)A party aggrieved by an arbitral award may appeal against such award to the appellate panel of arbitrators to be constituted by the Clearing Corporation within one month from the date of receipt of arbitral award.

(b)The Relevant Authority shall thereupon constitute an appellate panel consisting of three arbitrators who shall be different from the ones who passed the arbitral award appealed against.

(c) Such constitution of appellate panel of arbitrators shall be completed by Relevant Authority within thirty days from the date of receipt of the appeal.

(d)The appeal shall be disposed of within three months from the date of appointment of appellate panel of arbitrators, through issuance of an appellate arbitral award.

(e)The time for making an appellate arbitral award may be extended for a total period not exceeding two months by the Relevant Authority on an application by either party or the appellate panel of arbitrators, for sufficient cause to be recorded in writing.

(f)A party aggrieved by the appellate arbitral award may file an application to the Court of competent jurisdiction to challenge the appellate award in accordance with Section 34 of the Arbitration and Conciliation Act, 1996.

(g)Except where specific provision is made in this Bye-law, the provisions of Bye-laws (4) to

⁸ Inserted with effect from June 1, 2012.

(18) and the Regulations shall, so far as may be, apply to appellate arbitrators, appellate arbitration proceedings and appellate arbitral award.]⁹

3.All claims, disputes, differences, arising between the Securities Lending Members and their Clients arising out of or related to transactions entered into under the Securities Lending for Settlement Shortages scheme of the Clearing Corporation or with reference to anything done in respect thereto or in pursuance of such transactions shall be referred to and decided in accordance with the arbitration procedure as prescribed by the relevant authority from time to time provided.

4.All claims, disputes or differences between the Participants and Clients arising out of transactions entered into under the Securities Lending and Borrowing Scheme or with reference to anything done in respect thereto or in pursuance of such transactions shall be referred to and decided by arbitration in accordance with the procedures as may be prescribed by the relevant authority from time to time.

CHAPTER XI

DEFAULT

1. DECLARATION OF DEFAULT

A clearing member may be declared a defaulter by direction/circular/notification of the relevant authority of the segment if:

- (1) he is unable to fulfill his clearing or settlement obligations; or
- (2) he admits or discloses his inability to fulfill or discharge his duties, obligations and liabilities; or
- (3) he fails or is unable to pay within the specified time the damages and the money difference due on a closing-out effected against him under the Rules, Bye Laws and Regulations; or
- (4) he fails to pay any sum due to the Clearing Corporation as the relevant authority may from time to time prescribe; or
- (5) he fails to pay or deliver all moneys, securities and other assets due to a clearing member who has been declared a defaulter within such time of declaration of default of such clearing member in such manner and to such person as the relevant authority may direct; or
- (6) he fails to abide by the arbitration award as laid down under the Rules, Bye Laws and Regulations; or
- (7) he admits or discloses his inability to fulfill or discharge his duties, obligations and liabilities under the Securities Lending and Borrowing Scheme; or
- (8) under any other circumstances as may be decided by the relevant authority from time to time.

1A. If he, being an individual and/ or Partnership firm, has been adjudicated as an insolvent or it, being a Company incorporated under the Companies Act, has been ordered to be wound up by a court of law in the petition filed by any of his creditors, as the case may be, he/ it shall ipso facto be declared a defaulter though he/ it may not have at the same time defaulted on any of his/ its obligations on the Clearing Corporation.

1B. If he, being an individual and/ or Partnership firm, / it, being a Company incorporated under the Companies Act, files a petition before a Court of law for adjudication of himself as an insolvent or for its winding up, as the case may be, he/ it shall ipso facto be declared a defaulter though he/ it may not have at the same time defaulted on any of his/ its obligations on the Clearing Corporation.

[1BA. Where the clearing member is declared defaulter on any Clearing Segment of the Clearing Corporation, he shall also be immediately declared defaulter on all other Clearing Segments of the Clearing Corporation in which he may hold membership.]¹⁰

[1C. Without prejudice to the foregoing provisions contained in Byelaw (1) of this chapter, where a

⁹ Inserted with effect from June 1, 2012.

¹⁰ Inserted with effect from June 1, 2012.

clearing member, who is also a member/ trading member of any of the recognised Stock Exchanges or a clearing member of any clearing corporation, is declared a defaulter by such Stock Exchange or clearing corporation, the said clearing member shall ipso facto stand declared a defaulter by the Relevant Authority across all the Clearing Segments.]¹¹

[1D. On a clearing member being declared defaulter, the relevant authority may take appropriate action against the associates of such defaulter member.

Explanation 1: For the purpose of Bye-law 1D, the term "associate" shall include a person, -

- a. who, directly or indirectly, by itself, or in combination with other persons, exercises control over the member, whether individual, body corporate or firm or holds substantial share of not less than 15% in the capital of such member; or
- b. in respect of whom the member, individual or body corporate or firm, directly or indirectly, by itself or in combination with other persons, exercises control; or
- c. whose director or partner is also a director or partner of the member, body corporate or the firm, as the case may be.

Explanation 2: The expression "control" shall have the same meaning as defined in clause (c) of sub-regulation (1) of regulation 2 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.]¹²

Explanation: The expression "Associate" for the purpose of the above Byelaw shall have the meaning as may be defined by SEBI from time to time."

2. CLEARING MEMBER'S DUTY TO INFORM

A clearing member shall be bound to notify the Clearing Corporation immediately if there be a failure by any clearing member to discharge his liabilities in full.

3. COMPROMISE FORBIDDEN

A clearing member shall not accept from any clearing member anything less than a full and bona fide money payment in settlement of a debt arising out of a deal cleared through the Clearing Corporation.

4. NOTICE OF DECLARATION OF DEFAULT

On a clearing member being declared a defaulter, a notice shall be forthwith issued to all the clearing members of the Clearing Corporation.

5. NOTICE TO THE STOCK EXCHANGE

On a clearing member being declared a defaulter, a notice shall be forthwith issued to the Exchange if the clearing member is also a trading member of that Exchange.

6. DEFAULTER'S BOOKS AND DOCUMENTS

When a clearing member has been declared a defaulter the relevant authority shall take charge of all his books of accounts, documents, papers and vouchers to ascertain the state of his affairs and

¹¹ Substituted with effect from June 1, 2012 prior to substitution Bye-law 1C read as under:

"1C. Without prejudice to the foregoing provisions contained in Bye-law (1) of this chapter, where a clearing member, who is also a member/ trading member of any of the recognized Stock Exchanges, is declared a defaulter by such Stock Exchange, the said Clearing Member shall ipso facto stand declared a defaulter by the Relevant Authority."

¹² Substituted with effect from June 1, 2012 prior to substitution Bye-law read as under:

"1D. Notwithstanding anything contained in the Byelaws and Rules of Clearing Corporation, if a clearing member is an Associate of a member/trading member declared a defaulter by any recognized stock exchange, the said clearing member shall render itself liable to be declared a defaulter by the Relevant Authority.

the defaulter shall hand over such books, documents, papers and vouchers to the relevant authority.

7. LIST OF DEBTORS AND CREDITORS

The defaulter shall file with the relevant authority within such time of the declaration of his default as the relevant authority may direct, a written statement containing the complete list of his debtors and creditors and the sum owed by and to each.

8. DEFAULTER TO GIVE INFORMATION

The defaulter shall submit to the relevant authority such statement of accounts, information and particulars of his affairs as the relevant authority may from time to time require and if so desired shall appear before the relevant authority at its meetings held in connection with his default.

9. INQUIRY

The relevant authority may conduct a strict inquiry into the accounts and dealings of the defaulter in the market and shall report anything improper, un- businesslike or unbecoming a clearing member in connection therewith which may come to its knowledge.

10. DEFAULTER'S ASSETS

The relevant authority shall call in and realise the security deposits in any form, margin money, other amounts lying to the credit of and securities deposited by the defaulter and recover all moneys, securities and other assets due, payable or deliverable to the defaulter by any other Clearing Member in respect of any deal or dealing made subject to the Bye-laws, Rules and Regulations of the Clearing Corporation and such assets shall vest ipso facto, on declaration of any clearing member as a defaulter, in the Clearing Corporation for the benefit of and on account of the Clearing Corporation, MCX Stock Exchange Limited, Securities and Exchange Board of India, other clearing members, Constituents of the defaulter, approved banks and any other persons as may be approved by the relevant authority and other recognised stock exchanges / clearing corporation.

11. PAYMENT TO RELEVANT AUTHORITY

(1) All monies, securities and other assets due, payable or deliverable to the defaulter must be paid or delivered to the relevant authority within such time of the declaration of default as the relevant authority may direct. A clearing member violating this provision may be declared a defaulter.

(2) A clearing member who shall have received a difference on account or shall have received any consideration in any deal prior to the date fixed for settling such account or deal shall, in the event of the clearing member from whom he received such difference or consideration being declared a defaulter, refund the same to the relevant authority for the benefit and on account of the creditor members. Any clearing member who shall have paid or given such difference or consideration to any other clearing member prior to such settlement day shall again pay or give the same to the relevant authority for the benefit and on account of the creditor member in the event of the default of such other member.

(3) A clearing member who receives from another clearing member during any clearing a claim note or credit note representing a sum other than difference due to him or due to his constituent which amount is to be received by him on behalf and for the account of that constituent shall refund such sum if such other clearing member be declared a defaulter within such number of days as prescribed by the relevant authority after the settling day. Such refunds shall be made to the relevant authority for the benefit and on account of the creditor members and it shall be applied in liquidation of the claims of such creditor members whose claims are admitted in accordance with the Rules, Bye Laws and Regulations.

12. DISTRIBUTION

The relevant authority shall at the risk and cost of the creditor members pay all assets received in the course of realisation into such bank and/or keep them with the Clearing Corporation in such names as the relevant authority may from time to time direct and shall distribute the same in accordance with the Rules, Bye Laws and Regulations.

13. CLOSING -OUT

(1) Clearing members having open deals with the defaulter shall close out such deals after declaration of default. Such closing out shall be in such manner as may be prescribed by the relevant

authority from time to time. Subject to the regulations in this regard prescribed by the relevant authority, when in the opinion of the relevant authority, circumstances so warrant, such closing out shall be deemed to have taken place in such manner as may be determined by the relevant authority.

(2) Differences arising from the above adjustments of closing out shall be claimed from the defaulter or paid to the relevant authority for the benefit of creditor clearing members of the defaulter.

14. CLAIMS AGAINST DEFAULTER

Within such time of the declaration of default as the relevant authority may direct every clearing member carrying on business on the Clearing Corporation shall, as it may be required to do, either compare with the relevant authority his accounts with the defaulter duly adjusted and made up as provided in the Rules, Bye-Laws and Regulations or furnish a statement of such accounts with the defaulter in such form or forms as the relevant authority may prescribe or render a certificate that he has no such account.

15. DELAY IN COMPARISON OR SUBMISSION OF ACCOUNTS

Any clearing member failing to compare his accounts or send a statement or certificate relating to a defaulter within the time prescribed shall be called upon to compare his accounts or send such statement or certificate within such further time as may be specified.

16. PENALTY FOR FAILURE TO COMPARE OR SUBMIT ACCOUNTS

The relevant authority may take such action as it may deem fit including levying of fine and suspension on any clearing member who fails to compare his accounts or submit a statement of its account with the defaulter or a certificate that he has no such account within the prescribed time.

17. MISLEADING STATEMENT

The relevant authority may take such action as it may deem fit including levying of fine and suspension, if it is satisfied that any comparison statement or certificate relating to a defaulter sent by such clearing member was false or misleading.

18. ACCOUNTS OF RELEVANT AUTHORITY

The relevant authority shall keep a separate account in respect of all monies, securities and other assets payable to a defaulter which are received by it and shall defray therefrom all costs, charges and expenses incurred in or about the collection of such assets or in or about any proceedings it takes in connection with the default.

[Report

18A. The Defaulters' Committee shall every six months present a report to the relevant authority relating to the affairs of a defaulter and shall show the assets realised, the liabilities discharged and dividends given.

Inspection of Accounts

18B. All accounts kept by the Defaulters' Committee in accordance with these Bye Laws, Rules and Regulations shall be open to inspection by any creditor clearing member.

Scale of Charges

18C. The charges to be paid to the Clearing Corporation on the assets collected shall be such sum as the relevant authority may from time to time prescribe.]

19. APPLICATION OF ASSETS

The relevant authority shall apply the net assets remaining in its hands after defraying all such costs, charges and expenses as are allowed under the Rules, Byelaws and Regulations to be incurred by the Clearing Corporation, in satisfying the claims in the order of priority provided hereunder

(a) Dues to the Clearing Corporation, MCX Stock Exchange Limited, Securities and Exchange Board of India The payment of such subscriptions, debts, fines, fees, charges and other moneys due to Clearing Corporation, MCX Stock Exchange Limited and Securities and Exchange Board of India, in the order in which their names appear herein.

(b) Dues to other Clearing Members and to constituents of the defaulter: The payments as may be admitted by the relevant authority, as being due to other Clearing members and constituents of the defaulter for debts, liabilities, obligations and claims arising out of any contracts made by the defaulter subject to the Rules, Bye- laws and Regulations of the Clearing Corporation, provided that if the amount is insufficient then the amounts shall be distributed prorata amongst other clearing members and all the constituents of the defaulter. The other Clearing members shall in turn share the amount so received with their Constituents on pro rata basis.

(c) Dues to the Approved Banks and claims of any other persons as approved by the Relevant Authority: After making payments under (b) above, the amounts remaining, if any, shall be utilised to meet the claims of the approved banks and of any other person as may be admitted by the Relevant Authority. The claims of the approved banks should have arisen by virtue of Clearing Corporation or MCX Stock Exchange Limited invoking any bank guarantee issued by the bank concerned to the Clearing Corporation or MCX Stock Exchange Limited as the case may be on behalf of the defaulter to fulfill his obligation of submitting bank guarantee, guaranteeing discharge of obligations under the Byelaws, Rules and Regulations of Clearing Corporation/MCX Stock Exchange Limited. The claims of other persons should have arisen out of or incidental to the clearing and settlement of a deal on the Clearing Corporation or requirements laid down by the Clearing Corporation, provided that if the amount available be insufficient to pay all such claims in full, they shall be paid pro rata.

(d) Dues to any other recognized stock exchange/clearing corporation: After meeting the claims under (c) above, the remaining amounts, if any, shall be disbursed to any other recognised stock exchange / clearing corporation for the purpose of meeting the obligations of the defaulter as a member of that exchange/clearing corporation. If the defaulter is a member of more than one recognised stock exchange/clearing corporation, then the remaining amounts shall be distributed amongst all such recognized stock exchanges / clearing corporations and if the remaining amount is insufficient to meet the claims of all such stock exchanges/clearing corporations, then the remaining amount shall be distributed pro rata among all such stock exchanges.

(e) Surplus: The surplus amounts, if any, remaining after meeting all the above claims, shall be paid to the Clearing Member and in case where the Clearing member has expired, the surplus amount shall be paid to his legal heirs / legal representatives.

20. CERTAIN CLAIMS NOT TO BE ENTERTAINED

The relevant authority shall not entertain any claim against a defaulter –

(1) which arises out of a contract in securities, dealings in which are not permitted or which are not made subject to Bye Laws, Rules and Regulations of the Clearing Corporation or in which the claimant has either not paid himself or colluded with the defaulter in evasion of margin payable on bargains in any security;

(2) which arises out of a contract in respect of which comparison of accounts has not been made in the manner prescribed in the Rules, Bye Laws and Regulations or when there has been no

comparison if a contract note in respect of such deals has not been rendered as provided in the Rules, Bye Laws and Regulations;

(3) which arises from any arrangement for settlement of claims in lieu of bonafide money payment in full on the day when such claims become due;

(4) which is in respect of a loan with or without security;

(5) which is not filed with the relevant authority within such time of date of declaration of default as may be prescribed by the relevant authority.

21. ASSIGNMENT OF CLAIMS ON DEFAULTER'S ESTATE

A Clearing member being a creditor of a defaulter shall not sell, assign or pledge the claim on the estate of such defaulter without the consent of the relevant authority.

21A. CLAIMS OF DEFAULTERS' COMMITTEE

A claim of a defaulter whose estate is represented by the Defaulters' Committee against another defaulter shall not have any priority over the claims of other creditor clearing members but shall rank with other claims.

22. PROCEEDINGS IN THE NAME OF OR AGAINST DEFAULTER

The Relevant Authority shall be empowered to (a) initiate any proceedings in a court of law either in the name of the Clearing Corporation or in the name of the defaulter against any person for the purpose of recovering any amounts due to the defaulter (b) initiate any proceedings in a court of law either in the name of Clearing Corporation or in the name of the creditors (who have become creditors of the defaulter as a result of deals cleared and settled subject to Byelaws, Rules and Regulations of the Clearing Corporation) of the defaulter against the defaulter for the purpose of recovering any amounts due from the defaulter. The defaulter as well as the creditors of the defaulter shall be deemed to have appointed the Clearing Corporation as their constituted attorney for the purpose of taking such proceedings.

23. PAYMENT OF RELEVANT AUTHORITY

If any clearing member takes any proceedings in a court of law against a defaulter whether during the period of its default or subsequent to its re-admission to enforce any claim against the defaulter's estate arising out of any admitted deals in the market made subject to the Bye Laws, Rules and Regulations of the Clearing Corporation before it was declared a defaulter and obtains a decree and recovers any sum of money thereon, it shall pay such amount or any portion thereof as may be fixed by the relevant authority for the benefit and on account of the creditor members having claims against such defaulter.

CHAPTER XII

SETTLEMENT GUARANTEE FUND

1. CLEARING CORPORATION TO MAINTAIN SETTLEMENT GUARANTEE FUND

(1) The Clearing Corporation shall maintain Settlement Guarantee Fund(s) in respect of different clearing segment(s) for such purposes as may be prescribed by the relevant authority from time to time.

(2) The relevant authority may prescribe from time to time the norms, procedures, terms and conditions governing each Settlement Guarantee Fund which may inter-alia specify the amount of

deposit or contribution to be made by each clearing member to the relevant fund, the terms, manner and mode of deposit or contributions, conditions of repayment of deposit or withdrawal of contribution from the fund, charges for utilisation, penalties and disciplinary actions for non-performance thereof.

2. CONTRIBUTION TOWARDS SETTLEMENT GUARANTEE FUND

(1) Each clearing member shall be required to contribute to and provide a deposit as may be determined from time to time by the relevant authority to the relevant Settlement Guarantee Fund which shall be held by the Clearing Corporation to be applied as provided in these Bye Laws and Regulations.

(2) The relevant authority may specify the amount of contribution or deposit to be made by each clearing member and/or category of members which may include inter alia the minimum amount to be provided by each clearing member.

(3) The relevant authority may also specify such additional contribution or deposit that shall have to be provided towards the Settlement Guarantee Fund from time to time to form part of the Settlement Guarantee Fund.

[2(A). CONTRIBUTION BY THE STOCK EXCHANGE

1. The Settlement Guarantee Fund of the different segments of the clearing corporation shall be included such contribution made by the stock exchange with whom it may have clearing & settlement arrangements, in terms of the regulations made by SEBI or other applicable laws or otherwise.

2. The relevant authority in its discretion, may permit a Stock Exchange to contribute or provide the deposit either in the form of cash, securities, bank guarantee or by such other method and subject to such terms and conditions as may be specified from time to time.]

3. FORM OF CONTRIBUTION/DEPOSIT

The relevant authority shall prescribe from time to time the form of contribution or deposit to the relevant Settlement Guarantee Fund. The relevant authority in its discretion, may permit a clearing member to contribute or provide the deposit either in the form of cash, securities, bank guarantee or by such other method and subject to such terms and conditions as may be specified from time to time.

4. REPLACEMENT OF DEPOSIT

By giving a suitable notice to the Clearing Corporation and subject to such conditions as may be specified by the relevant authority from time to time, a clearing member may withdraw qualifying securities from pledge, or may cause the Clearing Corporation to revoke an acceptable letter of credit or bank guarantee, which secured the clearing member's contribution or deposit towards the Settlement Guarantee Fund, provided that the clearing member has, effective simultaneously with such withdrawal or revocation, deposited cash with, or pledged qualifying securities to the Clearing Corporation or through such other mode as may be approved by the clearing Corporation from time to time to satisfy his required contribution or deposit.

5. ADMINISTRATION AND UTILISATION OF THE SETTLEMENT GUARANTEE FUND

(1) The Settlement Guarantee Fund shall be utilised for such purposes as may be provided in the Bye Laws and Regulations and subject to such conditions as the relevant authority may prescribe from time to time which shall include:

(a) to defray the expenses of creation, maintenance and repayment of the Settlement Guarantee Fund;

(b) investment in such approved securities and other avenues subject to such terms and conditions as may be decided by the relevant authority from time to time;

(c) the application of Settlement Guarantee Fund to meet premia on insurance cover(s) which the relevant authority may take from time to time;

(d) the application of Settlement Guarantee Fund to meet shortfalls and deficiencies arising out of the clearing and settlement of such deals as provided in the Bye Laws and Regulations;

(e) the application of the Settlement Guarantee Fund to satisfy any loss or liability of the Clearing Corporation arising out of clearing and settlement operations of such deals as provided in the Bye Laws and Regulations;

(f) repayment of the balance after meeting all obligations under the Rules, Bye Laws and Regulations to the clearing member when he ceases to be a member pursuant to the provisions regarding the repayment of deposit;

(g) any other purpose as may be specified by the Board from time to time.

(2) Save as otherwise expressly provided in the Bye Laws and Regulations, the Settlement Guarantee Fund shall not be utilised for any other purpose.

(3) The Clearing Corporation shall have full power and authority to pledge, re-pledge, hypothecate, transfer, create a security interest in, or assign any or all of the (i) Settlement Guarantee Fund cash, (ii) securities or other instruments in which settlement Guarantee fund cash is invested and (iii) qualifying securities pledged by a clearing member or letters of credit or any other instrument issued on behalf of a clearing member in favour of the Clearing Corporation towards deposit to the Settlement Guarantee Fund.

6. UTILISATION FOR FAILURE TO MEET OBLIGATIONS

In the event a clearing member fails to meet obligations to the Clearing Corporation arising out of clearing and settlement operations of such deals as provided in the Bye Laws and Regulations, the relevant authority may utilise the Settlement Guarantee Fund and other monies to the extent necessary to fulfill the obligation under such terms and conditions as the relevant authority may specify from time to time.

7. UTILISATION IN CASE OF DEFAULT

In the event a clearing member is declared a defaulter and the clearing member fails to meet the clearing and settlement obligations to the Clearing Corporation arising out of clearing and settlement operations of such deals as provided in the Bye Laws and Regulations, the relevant authority may utilise the Settlement Guarantee Fund and other monies to the extent necessary to eliminate the obligation in the following order :

(1) any amount that may be paid in the form of margin or any other payment of the defaulting member retained by the Clearing Corporation for the purpose of the clearing and settlement; if this amount is not sufficient to settle the obligation,

(2) any contribution or deposit made by or bank guarantee arranged by the defaulting member to the settlement Guarantee fund, whether in the form of cash or securities or bank guarantee; if this amount is not sufficient to settle the obligation,

(3) the amount of security deposit, if any, made by the defaulting member to the Specified Exchange to the extent not appropriated by the Specified Exchange towards the obligations of the defaulting member to it; if this amount is not sufficient to settle the obligation,

(4) the proceeds, if any, recovered from auctioning or transferring the membership of the defaulting member in the Specified Exchange, subject to deduction of the expenses relating or incidental to the auction; if this amount is not sufficient to settle the obligation,

(5) the fines, penalties, penal charges, auction difference, interest on delayed payments, interest or other income, if any, earned by investment or disinvestment of Settlement Guarantee Fund or interest earned on margin monies that form part of the Settlement Guarantee Fund to the extent as may be decided by the Clearing Corporation; if the amount is not sufficient to settle the obligation,

(6) the retained earnings of the Clearing Corporation to the extent available;

(7) if this amount is not sufficient to settle the obligation the profits available for appropriation in the respective year in which the default took place;

(8) if this amount is not sufficient to settle the obligation, the amount of contribution and deposit made by all categories of clearing members to the Settlement Guarantee Fund in proportion to the total contribution and deposit made by each clearing member.

(9) If the above amount is not sufficient, the balance obligation remaining after application of the above funds shall be assessed against the clearing members in the same proportion as their total contribution and deposit and clearing members shall be required to contribute or deposit in the Settlement Guarantee Fund, within such time as the relevant authority shall require, the deficient amount.

8. OBLIGATION ON TO BRING IN ADDITIONAL CONTRIBUTION OR DEPOSIT

(1) If a pro-rata charge is made as mentioned in the above provision against a clearing member's actual contribution or deposit, and as a consequence the clearing member's remaining contribution and deposit towards the Settlement Guarantee Fund is less than his required contribution and deposit, the clearing member shall contribute or deposit in the Settlement Guarantee Fund, within such time as the relevant authority shall require the deficient amount.

(2) If the clearing member shall fail to do so, the relevant authority may charge such interest, impose penalties and fines and take such disciplinary action against the clearing member as it may determine from time to time. Any disciplinary action which the relevant authority takes pursuant to the above provisions or involuntary cessation of membership by the clearing member shall not affect the obligations of the clearing member to the Clearing Corporation or any remedy to which the Clearing Corporation may be entitled under applicable law.

9. ALLOCATION OF THE CONTRIBUTION OR DEPOSIT

Each clearing member's contribution and deposit towards Settlement Guarantee Fund shall be allocated by the Clearing Corporation among the various segments which are designated as such by the Clearing Corporation and in which the clearing member participates, in such proportion as it may decide from time to time. The Clearing Corporation shall retain the right to utilise the fund allocated to a particular segment to the satisfaction of losses or liabilities of the Clearing Corporation incident to the operation of that segment or for any other segment as may be decided by the Clearing Corporation at its discretion.

10. CESSATION OF THE CLEARING MEMBER

(1) A clearing member shall be entitled to the repayment of deposit made by him to the Settlement Guarantee Fund after –

(a) the clearing member ceases to be a member, and

(b) all pending deals, at the time the clearing member ceases to be a clearing member which could result in a charge to the Settlement Guarantee Fund, have been closed and settled, and

(c) all obligations to the Clearing Corporation for which the clearing member was responsible while he was a member have been satisfied or, at the discretion of the relevant authority, have been deducted by the Clearing Corporation from the clearing member's actual deposit; provided, however, that the clearing member has presented to the Clearing Corporation such indemnities or guarantees as the relevant authority deems satisfactory or another clearing member has been substituted on all deals and obligations of the clearing member, and

(d) a suitable amount as may be determined by the relevant authority at its discretion has been set aside for taking care of any loss arising from any document defects that may be reported in the future, and

(e) a suitable amount as may be determined by the relevant authority at its discretion towards such other obligations as may be perceived by the Clearing Corporation to exist or may be perceived to arise in future.

(2) The relevant authority may specify rules for the repayment of deposit including the manner, amount and period within which it will be paid but at no point of time will the repayment exceed the actual deposit available to the credit of the clearing member after deducting the necessary charges from the same.

(3) Any obligation of a clearing member to the Clearing Corporation unsatisfied at the time he ceases to be a clearing member shall not be affected by such cessation of membership.

11. RECOVERY OF LOSS AND RE-DISTRIBUTION

If a loss charged pro rata is afterwards recovered by the Corporation, in whole or in part, through insurance or otherwise, the net amount of the recovery shall be credited to the persons against whom the loss was charged in proportion to the amounts actually charged against them.

12. LIMITATION OF LIABILITY

The liability of the Clearing Corporation resulting from the deemed contracts of clearing members with the Clearing Corporation and to losses in connection therefrom be limited to the extent of contributions available to the Settlement Guarantee Fund. The Clearing Corporation shall not be available for obligations of a non-clearing member, obligations of a clearing member to a non-member, obligations of a clearing member to another member of the Clearing Corporation towards deals to which the Clearing Corporation is not a counter party or obligations to a constituent by a clearing member, and to losses in connection the reform.

CHAPTER XIII

MISCELLANEOUS

1. Save as otherwise specifically provided in the Bye Laws and Regulations prescribed by the relevant authority regarding clearing and settlement arrangement, in promoting, facilitating, assisting, regulating, managing and operating the Clearing Corporation, the Clearing Corporation should not be deemed to have incurred any liability, and accordingly no claim or recourse in respect of or in relation to any dealing in securities or any matter connected therewith shall lie against the Clearing Corporation or any authorised person(s) acting for the Clearing Corporation.

2. No claim, suit, prosecution or other legal proceeding shall lie against the Clearing Corporation or any authorised person(s) acting for the Clearing Corporation in respect of anything

which is in good faith done or intended to be done in pursuance of any order or other binding directive issued to the Clearing Corporation under any law or delegated legislation for the time being in force.

3. The provisions of Byelaws, Rules, Regulations and Circulars issued thereunder by the Clearing Corporation shall be applied to the extent applicable or as may be prescribed by the Clearing Corporation from time to time for all transactions under the Securities Lending and Borrowing Scheme.

MCX-SX CLEARING CORPORATION LIMITED

RULES

ARRANGEMENT OF CHAPTERS

Chapter	Description
I.	Definitions
II.	Board
III	Executive Committee
IV.	Clearing Membership
V.	Disciplinary Proceedings, Penalties, Suspension and Expulsion

CHAPTER I

DEFINITIONS

1. BOARD

"Board" means Board of Directors of MCX-SX Clearing Corporation Limited.

2. BYE LAWS

Unless the context indicates otherwise, "Bye Laws" means the Bye Laws of the MCX-SX Clearing Corporation Limited for the time being in force.

3. CLEARING BANK(S)

"Clearing Bank(s)" is such bank(s) as the Clearing Corporation may appoint to act as a funds settling agency, for the collection of margin money for all deals cleared through the Clearing Corporation and any other funds movement between Clearing Members and the Clearing Corporation and between Clearing Members as may be directed by the Clearing Corporation from time to time.

4. CLEARING CORPORATION

"Clearing Corporation" means MCX-SX Clearing Corporation Limited.

5. **CLEARING MEMBER**

"Clearing Member" means a member of the Clearing Corporation and includes all categories of Clearing Members as may be admitted as such by the Clearing Corporation but does not denote the shareholder of the Clearing Corporation.

6. **CLEARING SEGMENTS**

"Clearing Segments" means the different segments or divisions for clearing and settlement of deals as may be classified by the relevant authority from time to time.

7. **DEALS**

"Deals" means, unless the context indicates otherwise, deals which are admitted to be cleared and settled through the Clearing Corporation.

8. **REGULATIONS**

"Regulations" means Regulations of the Clearing Corporation for the time being in force and includes business rules, code of conduct and such other procedures and regulations, circulars, directives and orders as issued by the relevant authority from time to time for the operations of the Clearing Corporation.

9. **RELEVANT AUTHORITY**

"Relevant Authority" means the Board or such other authority as specified by the Board from time to time as relevant for a specified purpose.

10. **SETTLEMENT GUARANTEE FUND**

"Settlement Guarantee Fund" means a fund established and maintained in accordance with the relevant provisions of the Bye Laws.

11. **TRADING MEMBER**

"Trading Member" means any person admitted as a member in any Stock Exchange in accordance with the Rules, Bye Laws and Regulations of that Exchange.

Note: The terms defined above shall mean the same when used in lower case in the Bye Laws and Regulations, unless the context indicates otherwise.

CHAPTER II

BOARD

1. The Board is empowered to organise, maintain, control, manage, regulate and facilitate the operations of the Clearing Corporation and all activities of the Clearing Members of the Clearing Corporation.
2. The Board is empowered to make Rules, Bye Laws and Regulations from time to time, for all or any matters relating to the conduct of business of the Clearing Corporation, the business and transactions of Clearing Members, between Clearing Members inter-se as well as the business and transactions between Clearing Members and persons who are not Clearing Members, and to control, define and regulate all such transactions and dealings and to do such acts and things which are necessary for the purposes of the Clearing Corporation.

3. Without prejudice to the generality of the foregoing, the Board is empowered to make Regulations for all or any of the following matters:
- (1) conduct of business of the Clearing Corporation;
 - (2) appointment and dissolution of Committee or Committees for any purpose of the Clearing Corporation;
 - (3) manner of operations and interfacing with exchanges, custodians, depository and clearing bank(s);
 - (4) norms, procedures, terms and conditions for admission to membership of the Clearing Corporation;
 - (5) conditions, levy for admission or subscription for admission or continuance of Clearing Membership of the Clearing Corporation;
 - (6) conduct of Clearing Members with regard to the business of the Clearing Corporation;
 - (7) prescription, from time to time, of capital adequacy and other norms which shall be required to be maintained by different categories of Clearing Members;
 - (8) charges payable by Clearing Members for business transacted through the Clearing Corporation as may be laid down from time to time;
 - (9) maintenance of records and books of accounts by Clearing Members as may be specified from time to time;
 - (10) investigation of the financial condition, business conduct and dealings of the Clearing Members;
 - (11) prescription from time to time, and administration of penalties, fines and other consequences, including suspension/expulsion of Clearing Members from the Clearing Corporation for violation of any requirements of the Rules, Bye Laws and Regulations and the codes of conduct;
 - (12) disciplinary action/procedures against any Clearing Member;
 - (13) penalties for non compliance with or contravention of the Bye Laws, Rules and Regulations of the Clearing Corporation or of general discipline of the Clearing Corporation, including expulsion or suspension of the Clearing Members;
 - (14) declaration of any Clearing Member as a defaulter or suspension or resignation or expulsion from Clearing Membership of the Clearing Corporation and consequences thereof;
 - (15) such other matters in relation to the Clearing Corporation as may be prescribed under the provisions of the Articles of Association, Bye Laws or these Rules or as may be necessary or expedient for the organisation, maintenance, control, management, regulation and facilitation of the operations of the Clearing Corporation.
4. The Board is empowered to delegate, from time to time, to Executive Committee(s) or any other committee(s) or to the Managing Director or to any person, such of the powers vested in them and on such terms as they may think fit, to manage all or any of the affairs of the

Clearing Corporation and from time to time, to revoke, withdraw, alter or vary all or any of such powers.

5. The Board may, from time to time, constitute one or more committees comprising of members of the Board or such others as the Board may in its discretion deem fit or necessary and delegate to such committees such powers as the Board may deem fit and the Board may from time to time revoke such delegation.
6. The Board shall have the authority to issue directives from time to time to the Executive Committee or any other Committees or any other person or persons to whom any powers have been delegated by the Board. Such directives issued in exercise of this power, which may be of policy nature or may include directives to dispose off a particular matter or issue, shall be binding on the concerned Committee(s) or person(s).
7. The Board is empowered to vary, amend, repeal or add to Bye Laws, Rules and Regulations of the Clearing Corporation framed by it.
8. The Members of the Board and of such committees as may be identified by the Board shall adhere to the Code of Conduct as may be prescribed by the Board from time to time.

CHAPTER III

EXECUTIVE COMMITTEE

1. CONSTITUTION

One or more Executive Committee(s) may be appointed by the Board for the purposes of managing the day to day affairs of the different segment(s) of the Clearing Corporation. The Board may decide on the constitution, duration and powers of the Executive Committee(s), nomination and vacation of the nominees from the Executive Committee(s) and appointment of office bearers and rules and procedures for the functioning of the Executive Committee(s).

2. POWERS OF EXECUTIVE COMMITTEE

- (1) The Board may delegate from time to time to the Executive Committee(s) such of the powers vested in them and upon such terms as they may think fit, to manage all or any of the affairs of the Clearing Corporation and from time to time, to revoke, withdraw, alter or vary all or any of such powers.
- (2) The Executive Committee(s) shall be bound and obliged to carry out and implement any directives issued by the Board from time to time and shall be bound to comply with all conditions of delegation and limitations on the powers of the Executive Committee(s) as may be prescribed.

CHAPTER IV

CLEARING MEMBERSHIP

1. MULTIPLE CATEGORIES

The rights, privileges duties and responsibilities of a Clearing Member shall be subject to and in accordance with the Rules, Bye Laws and Regulations of the Clearing Corporation. The relevant authority may define and admit more than one category of Clearing Member for the same segment or for different segments and may specify different norms including eligibility, admission and cessation of membership for each type of Clearing Members.

2. ADMISSION AND FEES

- (1) The relevant authority may specify different categories of Clearing Members and requirements regarding qualification, networth, infrastructure and other relevant norms for each such category.
- (2) The relevant authority may specify pre-requisites, conditions, formats and procedures for application for admission, termination, re-admission, etc. of Clearing Members to all or any of the segments of the Clearing Corporation. The relevant authority may, at its absolute discretion, refuse permission to any applicant to be admitted as Clearing Member to all or any of the segments.
- (3) Such fees, security deposit, contribution and other money as are specified by the relevant authority would be payable on or before admission as Clearing Member and for continued appointment thereof.

3. ELIGIBILITY

- (1) The following persons shall be eligible to become Clearing Members of the Clearing Corporation:
 - (a) Individuals;
 - (b) Registered Firms;
 - (c) Bodies corporate; and
 - (d) Companies as defined in the Companies Act, 1956
- (2) No person shall be admitted as a Clearing Member of the Clearing Corporation if such proposed member:
 - (a) is an individual who has not completed 21 years of age;
 - (b) has been adjudged bankrupt or a receiving order in bankruptcy has been made against the person or the person has been proved to be insolvent even though he has obtained his final discharge;
 - (c) has compounded with his creditors for less than full discharge of debts;
 - (d) has been convicted of an offence involving a fraud or dishonesty;
 - (e) is a body corporate which has committed any act which renders it liable to be wound up under the provisions of the law;
 - (f) is a body corporate which has had a provisional liquidator or receiver or official liquidator appointed to the person;
 - (g) has been at any time expelled or declared a defaulter by any other stock exchange or clearing corporation;
 - (h) has been previously refused admission to Clearing Membership of the Clearing Corporation unless the period of one year has elapsed since the date of rejection;

4. ADDITIONAL ELIGIBILITY CRITERIA

No person shall be eligible to be admitted to the Clearing Membership of the Clearing Corporation unless the person satisfies such additional eligibility criteria as the Board or relevant authority may prescribe from time to time for different classes of Clearing Members and clearing segments;

Provided however that the relevant authority may waive compliance with any or all of the admission conditions and at its discretion waive the requirements set out as above, if it is of the opinion that the person seeking admission is considered by the relevant authority to be otherwise qualified to be admitted as a Clearing Member by reason of his means, position, integrity, knowledge and experience of business in securities.

5. ADMISSION

- (1) Any person desirous of becoming a Clearing Member shall apply to the Clearing Corporation for admission to the Clearing Membership of the relevant segment of the Clearing Corporation. Every application shall be dealt with by the relevant authority who shall be entitled to admit or reject such applications at its discretion.
- (2) The application for admission of Clearing Members to each segment shall be made in such formats as may be specified by the relevant authority from time to time.
- (3) The application shall have to be submitted along with such fees, security deposit and other monies in such form and in such manner as may be specified by the relevant authority from time to time.
- (4) The applicant shall have to furnish such declarations, undertakings, certificates, confirmations and such other documents or papers as may be specified from time to time by the relevant authority.
- (5) The relevant authority shall have the right to call upon the applicant to pay such fees or deposit such additional security in cash or kind, deposit or contribution to Settlement Guarantee Fund and any other fund that may be maintained by the Clearing Corporation from time to time, to furnish any additional guarantee or to require contribution to computerisation fund, training fund or fee as the relevant authority may prescribe from time to time.
- (6) The relevant authority may provisionally admit the applicant to Clearing Membership provided that the applicant satisfies the eligibility conditions and other procedures and requirements of application subject to such terms and conditions as may be specified by the relevant authority. Upon the relevant authority being satisfied that all other terms and conditions and other requirements for the Clearing Membership have been complied with, the applicant may be admitted as a Clearing Member. The granting of provisional membership shall not entitle the applicant to any privileges and rights of Clearing Membership.
- (7) The relevant authority may at its absolute discretion reject any application for admission without communicating the reason thereof.
- (8) If for any reason the application is rejected, the application fee or admission fee if any as the case may be or part thereof as may be decided by the relevant authority may at its discretion be refunded to the applicant, without any interest.
- (9) The relevant authority may at any time from the date of admission to the Clearing Membership of the Clearing Corporation withdraw the admission and expel a Clearing Member if he has in or at the time of his application for admission to membership or

during the course of the inquiry made by the relevant authority preceding his admission :-

- (a) made any willful misrepresentation; or
 - (b) suppressed any material information required of him as to his character and antecedents; or
 - (c) has directly or indirectly given false particulars or information or made a false declaration.
- (10) (a) The membership admission does not confer any ownership right as a member of the Clearing Corporation and shall not be transferable or transmittable except as herein mentioned.
- (b) Subject to such terms and conditions as the relevant authority may prescribe from time to time and to the prior written approval of the relevant authority, transfer of the Clearing Membership, may be effected as follows:
- (i) by making nomination under these Rules;
 - (ii) by an amalgamation or merger of a Clearing Member company;
 - (iii) by takeover of a Clearing Member company;
 - (iv) by transfer of the Clearing Membership of a Clearing Member firm to a new firm, in which, all the existing partners are not partners; and
 - (v) by two or more Clearing Members / Clearing Member firms coming together to form a new partnership firm/company.
- (c) A Clearing Member or his successor(s) may make a nomination to Clearing Membership. The nomination(s) made by a Clearing Member or successor(s) of a Clearing Member shall be subject to the following conditions, namely:
- (i) The nominee(s) shall, at the time when the nomination becomes effective, be person(s) who shall be qualified to be admitted as Clearing Member(s) of the Clearing Corporation;
 - (ii) The nominee(s) shall give to the relevant authority his/their unconditional and irrevocable acceptance of his/their nomination;
 - (iii) A Clearing Member shall nominate one or more of his successor(s) as per the applicable succession laws. If the Clearing Member has no successor(s) willing to carry on the Clearing Membership, then the Clearing Member may nominate person(s) other than his successor(s);
 - (iv) If the Clearing Member has not nominated any person and is rendered incompetent to carry on his business on the Clearing Corporation on account of physical disability, then the Clearing Member may, within a period of six months, make a nomination as per the provisions of sub-clause (iii) above;
 - (v) If the Clearing member has not nominated any person, the

successor(s) of the Clearing Member may nominate one or more persons from among themselves within six months from the date of the death of the Clearing Member;

- (vi) If the nomination of the Clearing Member is such that it cannot be given effect to by the relevant authority, at the time when the nomination would have become effective, then the successor(s) of such a Clearing Member may nominate any other person(s) within six months from the date on which the nomination would have become effective;
 - (vii) If more than one person(s) are nominated by the Clearing Member or the successor(s), then such nominated person(s) shall be required to form a company to carry on the Clearing Membership;
 - (viii) A nomination made by a Clearing Member or successor(s) may be revoked with the prior written approval of the relevant authority and subject to such terms and conditions as the relevant authority may prescribe from time to time. No such revocation shall be permitted after the nomination becomes effective; and
 - (ix) The nomination shall become effective in the case of a nomination made by a Clearing Member, from the date of his death or physical disability or from the date of approval by the relevant authority, whichever is later and in the case of a nomination made by successor(s), from the date on which such nomination is made or from the date of approval by the relevant authority, whichever is later.
- (d) The relevant authority may permit the transfer of Clearing Membership in the following circumstances:-
- (i) death of a Clearing Member;
 - (ii) if in the opinion of the relevant authority, the Clearing Member is rendered incompetent to carry on his business on the Clearing Corporation on account of physical disability;
 - (iii) upon amalgamation or merger of a Clearing Member company;
 - (iv) upon takeover of a Clearing Member company; and
 - (v) upon the death of or resignation or notice of dissolution by a partner of a Clearing Member firm, and re-alignment, if any, by the partners in such firm or by the partners in such firm and the nominee(s)/successor(s) of the outgoing partner or by the partners in such firm and person(s) other than the nominee(s)/successor(s) of the outgoing partner in a new firm, within a period of six months from the date of such death or resignation or notice of dissolution.
- (e) The relevant authority may, while permitting the transfer, prescribe from time to time such transfer fee as it deems fit in the following circumstances, viz,
- (i) nomination by a Clearing Member of a person other than successor(s) under the applicable laws;
 - (ii) nomination by the successor(s) of a Clearing Member, if the nominee(s) is/are not from amongst the successors;

- (iii) amalgamation or merger of a Clearing Member company with a non Clearing Member company resulting in the loss of majority shareholding and/or control of management by the majority shareholders of the Clearing Member company;
- (iv) takeover of the Clearing Member company by non Clearing Member(s) resulting in the loss of majority shareholding and/or control of management by the majority shareholders of the Clearing Member company; and (v) in the case of sub-clause (v) of clause (d), if the person(s) other than the nominee(s)/successor(s) of the outgoing partner hold at least 51% of share in the capital of the new firm.

Explanation I

For the purpose of sub-clauses (iii) and (iv) above, the term "loss of majority shareholding" means a shareholder or a group of shareholders holding 51% or more shares / interest in the Clearing Member company ceases to hold 51% of shares / interest in the Clearing Member company or in the amalgamated company which shall take up Clearing Membership upon amalgamation of the Clearing Member company with a Non Clearing Member company.

Explanation II

For the purpose of sub-clauses (iii) and (iv) above, the term "loss of control in management" means the loss of the right to appoint majority of the directors or to control the management or policy decision exercisable by person or persons acting individually or in concert, directly or indirectly including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

- (f) For the purpose of the clauses (b) to (e), the term 'Clearing Member' shall to the extent applicable include a partner of a Clearing Member firm or a shareholder of a Clearing Member company. The term successor(s) shall to the extent applicable, includes successor(s) of a partner of a Clearing Member firm or successor(s) of a shareholder of a Clearing Member company.
- (g) Without prejudice to any other provision of the Rules, the Clearing Membership may be suspended, for such period as the relevant authority may deem fit, in the following circumstances:
 - (i) upon the individual Clearing Member or a partner of a Clearing Member firm or a shareholder of a Clearing Member company, in the opinion of the relevant authority, being rendered incompetent to carry on his business on account of physical disability;
 - (ii) upon the mental disability of the individual Clearing Member or a partner of a Clearing Member firm provided the partner holds at least 51% of share in the profits & losses of and/or at least 51% of share in the capital of such firm or a shareholder of a Clearing Member company provided the shareholder is a majority shareholder in such Clearing Member company;
 - (iii) upon the death of an individual Clearing Member or a partner of a Clearing Member firm provided the partner holds at least 51% of

- share in the profits & losses of and/or at least 51% of share in the capital of such firm or a shareholder of a Clearing Member company, provided the shareholder is a majority shareholder in such Clearing Member company and during the six month period within which successor(s) of such individual Clearing Member partner or shareholder, may nominate person(s) to take up the stake/shares of such deceased individual Clearing Member or partner or shareholder;
- (iv) upon the dissolution of a Clearing Member firm and during the six month period as referred to in sub clause (v) of clause (d) ; and
- (v) upon any deadlock in the management of a Clearing Member firm or Clearing Member company, which, in the opinion of the relevant authority will affect the ability of such Clearing Member firm or Clearing Member company to carry on its business. The Clearing Member shall be entitled for an opportunity for representation before the relevant authority, before being suspended under this sub-clause, but the decision of the relevant authority shall be final.

Explanation I

For the purposes of this sub-clause, the term "Deadlock in the Management" means a situation wherein there is a loss of confidence or disagreement among the partners of a Clearing Member firm or among the directors/shareholders of a Clearing Member company, which, in the opinion of the relevant authority, will affect or is likely to affect the conduct of business by the Clearing Member firm or Clearing Member company, as the case may be or an equality of vote at a meeting of the directors or shareholders of a Clearing Member company.

- (h) Without prejudice to any other provision of the Rules, the Clearing Membership may be terminated by the relevant authority if an acceptable nomination or realignment, as the case may be, does not take place to the satisfaction of the relevant authority, within the said period of six months.
- (i) The nominee(s), successor(s), partners of a Clearing Member firm or such other persons, as the case may be shall be entitled for an opportunity for representation before the relevant authority, before being terminated under clause (h) above, but the decision of the relevant authority shall be final.

Conversion of legal status of the Clearing Member

- (j) Subject to such terms and conditions as the relevant authority may prescribe from time to time and to the prior written approval of the relevant authority, conversion of the legal status of a Clearing Member may be effected as follows:
- (i) by conversion of an individual Clearing Member into a partnership firm/company.
- (ii) by conversion of a Clearing Member firm into a company.
- (k) The relevant authority may permit the conversion of the legal status of the Clearing Member in the following circumstances:
- (i) In the case of sub-clause (i) of clause (j), if the individual Clearing Member holds and continues to hold atleast 51% of the share in the profits/losses and/or atleast 51% of share in the capital of the partnership

firm, or atleast 51% of shareholding / interest in the company, which shall take up the Clearing membership of the Clearing Corporation.

- (ii) In the case of sub-clause (ii) of clause (j), if the partners holding atleast 51% of share in the profits / losses and / or atleast 51% of share in the capital of the Clearing Member firm hold and continue to hold atleast 51% of shareholding / interest in the company which shall take up the Clearing Membership of the Clearing Corporation.

- (11) Notwithstanding anything contained in Rule 5(10), the relevant authority may, in its absolute discretion permit the transfer of the Clearing Membership to another person or entity, subject to such terms and conditions as the relevant authority may in its absolute discretion prescribe from time to time.
- (12) A Clearing Member shall not assign, mortgage, pledge, hypothecate or charge his right of membership or any rights or privileges attached thereto nor shall he has the right to give license or grant power of attorney in respect of such rights and privileges and no such attempted assignment, mortgage, pledge, hypothecation or charge or license or power of attorney shall be effective as against the Clearing Corporation for any purpose, nor shall any right or interest in any Clearing Membership other than the personal right or interest of the Clearing Member therein be recognised by the Clearing Corporation. The relevant authority may suspend any Clearing Member of the Clearing Corporation who acts or attempts to act in violation of the provisions of this rule or take any other disciplinary action as it may deem fit.

6. CONDITIONS

- (1) Clearing Members shall adhere to the Rules, Bye Laws and Regulations of the Clearing Corporation and shall comply with such operational parameters, rulings, notices, guidelines and instructions of the relevant authority as may be applicable.
- (2) All contracts issued for admitted deals shall be in accordance with and subject to Rules, Bye Laws and Regulations of the Clearing Corporation.
- (3) Clearing Members shall furnish declarations, undertakings, confirmation and such other documents and papers relating to such matters and in such forms as may be prescribed by the relevant authority from time to time.
- (4) Clearing Members shall furnish to the Clearing Corporation within such time as may be prescribed an annual Auditors' Certificate certifying that specified requirements as may be prescribed by the relevant authority from time to time pertaining to their operations have been complied with.
- (5) Clearing Members shall furnish such information and periodic returns pertaining to their operations as may be required by the relevant authority from time to time.
- (6) Clearing Members shall furnish to the Clearing Corporation such audited and/or unaudited financial or qualitative information and statements and in such manner as may be required by the relevant authority from time to time.
- (7) Clearing Members shall comply with such requirements as may be prescribed by the relevant authority from time to time with regard to advertisements, booklets and issue of circulars in connection with their activities as Clearing Members.

- (8) Clearing Members shall extend full cooperation and furnish such information and explanation and in such manner as may be required by the relevant authority or authorised person of the Clearing Corporation for inspection or audit or in regard to any dealings, settlement, accounting and/or other related matters.

7. PARTNERSHIPS

- (1) No Clearing Member shall form a partnership or admit a new partner to an existing partnership or make any change in the name of an existing partnership without intimation and prior approval of the relevant authority in such form and manner and subject to such requirements as the relevant authority may specify from time to time; these requirements may, inter alia, include deposits, declarations, guarantees and other conditions to be met by and which may be binding on all partners.
- (2) No Clearing Member shall, at the same time, be a partner in more than one partnership firm which is a Clearing Member of the Clearing Corporation.
- (3) No Clearing Member who is a partner in any partnership firm shall assign or in any way encumber his interest in such partnership firm.
- (4) The partnership firm shall register with such authorities as may be required under relevant laws and shall produce proof of such registration to the Clearing Corporation.
- (5) The partners of the firm shall do business only on account of the firm and jointly in the name of the partnership firm. No single partner or group of partners are entitled to any rights and privileges of Clearing Membership independent from that of their partnership firm.
- (6) The partners of the partnership firm must communicate to the Clearing Corporation in writing under the signatures of all the partners or surviving partners any change in such partnership either by dissolution or retirement or death of any partner or partners.
- (7) Any notice to the Clearing Corporation intimating dissolution of a partnership shall contain a statement as to who undertakes the responsibility of settling all outstanding contracts and liabilities of the dissolved partnership firm but that shall not be deemed to absolve the other partner or partners of his or their responsibility for such outstanding contracts and liabilities.

8. TERMINATION OF MEMBERSHIP

- (1) Any Clearing Member may cease to be a member, if one or more apply:
 - (a) by resignation;
 - (b) by death;
 - (c) by expulsion in accordance with the provisions contained in the Bye Laws, Rules and regulations;
 - (d) by being declared a defaulter in accordance with the Bye Laws, Rules and Regulations of the Clearing Corporation;
 - (e) by dissolution in case of partnership firm;
 - (f) by winding up or dissolution in the case of a limited company;

- (2) Notwithstanding anything contained in the Byelaws and Rules of Clearing Corporation, a clearing member shall ipso facto cease to be clearing member of the Clearing Corporation, on cessation of his membership/ trading membership on one or more stock exchanges in accordance with the provisions contained in the Byelaws, Rules and Regulations of such stock exchange(s) and in such cases, such clearing member shall not be entitled for any opportunity of being heard or explanation in such an event.
- (3) The termination of Clearing Membership shall not in any way absolve the Clearing Member from any obligations and liabilities incurred by the Clearing Member prior to such termination.

9. RESIGNATION

- (1) A Clearing Member who intends to resign from the Clearing Membership of the Clearing Corporation shall intimate to the Clearing Corporation a written notice to that effect.
- (2) Any Clearing Member of the Clearing Corporation objecting to any such resignation shall communicate the grounds of his objection to the relevant authority by letter within such period as may be specified by the relevant authority from time to time.
- (3) The relevant authority may accept the resignation of a Clearing Member either unconditionally or on such conditions as it may think fit or may refuse to accept such resignation and in particular may refuse to accept such resignation until it is satisfied that all outstanding transactions with such Clearing Member have been settled.

10. DEATH

- (1) On death of a Clearing Member, his legal representatives and authorised representatives, if any, shall communicate due intimation thereof to the relevant authority in writing immediately and all future activities of the Clearing Member shall cease immediately except so far as it pertains to past obligations prior to his death.
- (2) On the termination of membership of a Clearing Member on his death, security deposits, other monies, any additional deposits, whether in the form of cash, bank guarantees, securities or otherwise, or securities lying with the Clearing Corporation shall be dealt in such manner as the relevant authority may prescribe from time to time.

11. FAILURE TO PAY CHARGES

Save as otherwise provided in the Bye Laws, Rules and Regulations of the Clearing Corporation if a member fails to pay his annual subscription, fees, deposit or contribution to Settlement Guarantee Fund(s), fines, penalties, other charges or other monies which may be due by him to the Clearing Corporation within such time as the relevant authority may prescribe from time to time after notice in writing has been served upon him by the Clearing Corporation, he may be suspended by the relevant authority until he makes payment and if within a further period of time as may be specified from time to time, he fails to make such payment, he may be declared a defaulter or may be expelled by the relevant authority.

12. CONTINUED ADMITTANCE

The relevant authority shall from time to time prescribe conditions and requirements for continued admittance to Clearing Membership which may, inter alia, include maintenance deposit or contribution to Settlement Guarantee Fund, minimum networth and capital adequacy. The Clearing Membership of any person who fails to meet these requirements shall be liable to be terminated.

13. RE-ADMISSION OF DEFAULTERS

- (1) A Clearing Member's right of membership shall lapse and vest with the Clearing Corporation immediately he is declared a defaulter. The Clearing Member who is declared a defaulter shall forfeit all his rights and privileges as a Clearing Member of the Clearing Corporation, including any right to use of or any claim upon or any interest in any property or funds of the Clearing Member with the Clearing Corporation.
- (2) The relevant authority reserves the right to re-admit a defaulting member and it may re-admit a defaulter as a Clearing Member subject to the provisions, terms and conditions as may be prescribed by the relevant authority from time to time.
- (3) The relevant authority may re-admit only such defaulter who in its opinion:
 - (a) has paid up all dues to the Clearing Corporation, other Clearing Members and constituents;
 - (b) has no insolvency proceedings against him in a Court or has not been declared insolvent by any Court;
 - (c) has defaulted owing to the default of principals whom he might have reasonably expected to be good for their commitments;
 - (d) has not been guilty of bad faith or breach of the Bye Laws, Rules and Regulations of the Clearing Corporation;
 - (e) has been irreproachable in his general conduct.

CHAPTER V

DISCIPLINARY PROCEEDINGS, PENALTIES,

SUSPENSION AND EXPULSION

1. DISCIPLINARY JURISDICTION

The relevant authority may expel or suspend and/or fine and/or penalise under censure and/or warn and/or withdraw all or any of the membership rights of a Clearing Member if it be guilty of contravention, non-compliance, disobedience, disregard or evasion of any of the Bye Laws, Rules and Regulations of the Clearing Corporation or of any resolutions, orders, notices, directions or decisions or rulings of the Clearing Corporation or the relevant authority or of any other Committee or officer of the Clearing Corporation authorised in that behalf or of any conduct, proceeding or method of business which the relevant authority in its absolute discretion deems dishonorable, disgraceful or unbecoming a Clearing Member of the Clearing Corporation or inconsistent with just and equitable principles or detrimental to the interests,

good name or welfare of the Clearing Corporation or prejudicial or subversive to its objects and purposes.

2. PENALTY FOR BREACH OF RULES, BYE-LAWS AND REGULATIONS

Every Clearing Member shall be liable to suspension, expulsion or withdrawal of all or any of his Clearing Membership rights and/or to payment of fine and/or to be censured, reprimanded or warned for contravening, disobeying, disregarding or willfully evading of any of these Rules, Bye-laws and Regulations or any resolutions, orders, notices, directions, decisions or rulings thereunder of the Clearing Corporation, the Board of Directors, Executive Committee, Managing Director or any officer of the Clearing Corporation or for any disreputable or fraudulent transactions or dealings or method of business which the Board of Directors in its absolute discretion deems unbecoming a Clearing Member of the Clearing Corporation or inconsistent with just and equitable principles.

3. PENALTY FOR MISCONDUCT, UNBUSINESSLIKE CONDUCT AND

UNPROFESIONAL CONDUCT

A Clearing Member shall be liable to expulsion or suspension or withdrawal of all or any of his membership rights and/or to payment of a fine and/or penalty and/or to be censured, reprimanded or warned for any misconduct, unbusinesslike conduct or unprofessional conduct as provided in the provisions in that behalf as provided herein.

(1) Misconduct

- (a) *Fraud*: If he is convicted of a criminal offence or commits fraud or a fraudulent act which in the opinion of the relevant authority renders him unfit to be a Clearing Member;
- (b) *Violation*: If he has violated provisions of any statute governing the activities, business and operations of the Clearing Corporation, Clearing Members and securities business in general;
- (c) *Improper Conduct*: If in the opinion of the relevant authority he is guilty of dishonourable or disgraceful or disorderly or improper conduct on the Clearing Corporation or of willfully obstructing the business of the Clearing Corporation;
- (d) *Breach of Rules, Bye Laws and Regulations*: If he shields or assists or omits to report any Clearing Member whom he has known to have committed a breach or evasion of any Bye Laws, Rules and Regulation of the Clearing Corporation or of any resolution, order, notice or direction thereunder of the relevant authority or of any Committee or officer or the Clearing Corporation authorised in that behalf;
- (e) *Failure to comply with Resolutions* : If he contravenes or refuses or fails to comply with or abide by any resolution, order, notice, direction, decision or ruling of the relevant authority or of any Committee or officer of the Clearing Corporation or other person authorised in that behalf under the Bye Laws, Rules and Regulations of the Clearing Corporation;
- (f) *Failure to submit to or abide by Arbitration* : If he neglects or fails or refuses to submit to the relevant authority or to a Committee or an officer of the Clearing Corporation authorised in that behalf, such books, correspondence,

documents and papers or any part thereof as may be required to be produced or to appear and testify before or cause any of its partners, attorneys, agents, authorised representatives or employees to appear and testify before the relevant authority or such Committee or officer of the Clearing Corporation or other person authorised in that behalf;

- (g) *Failure to testify or give information* : If he neglects or fails or refuses to submit to the relevant authority or to a Committee or an officer of the Clearing Corporation authorised in that behalf, such books, correspondence, documents and papers or any part thereof as may be required to be produced or to appear and testify before or cause any of its partners, attorneys, agents, authorised representatives or employees to appear and testify before the relevant authority or such Committee or officer of the Clearing Corporation or other person authorised in that behalf;
- (h) *Failure to submit Special Returns* : If he neglects or fails or refuses to submit to the relevant authority within the time notified in that behalf special returns in such form as the relevant authority may from time to time prescribe together with such other information as the relevant authority may require whenever circumstances arise which in the opinion of the relevant authority make it desirable that such special returns or information should be furnished by any or all the Clearing Members;
- (i) *Failure to submit Audited Accounts* : If he neglects or fails or refuses to submit its audited accounts to the Clearing Corporation within such time as may be prescribed by the relevant authority from time to time;
- (j) *Failure to compare or submit accounts with Defaulter* : If he neglects or fails to compare his accounts with the relevant authority or to submit to it a statement of its accounts with a defaulter or a certificate that he has no such account or if he makes a false or misleading statement therein;
- (k) *False or misleading Returns* : If he neglects or fails or refuses to submit or makes any false or misleading statement in his clearing forms or returns required to be submitted to the Clearing Corporation under the Bye Laws, Rules and Regulations;
- (l) *Vexatious complaints* : If he or his agent brings before the relevant authority or a Committee or an officer of the Clearing Corporation or other person authorised in that behalf a charge, complaint or suit which in the opinion of the relevant authority is frivolous, vexatious or malicious;
- (m) *Failure to pay dues and fees* : If he fails to pay his subscription, fees, arbitration charges or any other money which may be due by it or any fine or penalty imposed on him.

(2) Unbusinesslike Conduct

A Clearing Member shall be deemed guilty of unbusinesslike conduct for any of the following or similar acts or omissions namely :

- (a) *Fictitious Names*: If he transacts his own business or the business of his constituent in fictitious names or if he carries on business in more than one clearing segment of the Clearing Corporation under fictitious names;

- (b) *Circulation of rumours*: If he, in any manner, circulates or causes to be circulated, any rumours;
- (c) *Unwarrantable Business*: If he engages in reckless or unwarrantable or unbusinesslike dealings in the market or effects purchases or sales for his constituent's account or for any account in which he is directly or indirectly interested which purchases or sales are excessive in view of his constituent's or his own means and financial resources or in view of the market for such security;
- (d) *Compromise* : If he connives at a private failure of a Clearing Member or accepts less than full and bona fide money payment in settlement of a debit due by a Clearing Member arising out of a deal in securities;
- (e) *Dishonoured Cheque* : If he issues to any other Clearing Member or to its constituents or to the Clearing Corporation a cheque which is dishonoured on presentation for whatever reasons;
- (f) *Failure to carry out transactions with Constituent*: If he fails in the opinion of the relevant authority to carry out its committed transactions with its constituents;

(3) Unprofessional Conduct

A Clearing Member shall be deemed guilty of unprofessional conduct for any of the following or similar acts or omissions namely:

- (a) *Business in Securities in which dealings not permitted*: If he enters into dealings in securities in which dealings are not permitted;
- (b) *Business for Defaulting Constituent* : If he deals or transacts business directly or indirectly or executes an order for a constituent who has within his knowledge failed to carry out engagements relating to securities and is in default to another Clearing Member unless such constituent shall have made a satisfactory arrangement with the Clearing Member who is his creditor;
- (c) *Business for Insolvent* : If without first obtaining the consent of the relevant authority he directly or indirectly is interested in or associated in business with or transacts any business with or for any individual who has been bankrupt or insolvent even though such individual shall have obtained his final discharge from an Insolvency Court;
- (d) *Business without permission when under suspension* : If without the permission of the relevant authority he does business on his own account or on account of a principal with or through a Clearing Member during the period he is required by the relevant authority to suspend business on the Clearing Corporation;
- (e) *Business for or with suspended, expelled and defaulter Clearing Members*: If without the special permission of the relevant authority he shares brokerage with or carries on business or makes any deal for or with any Clearing Member who has been suspended, expelled or declared a defaulter;
- (f) *Business for Employees of other Clearing Members* : If he transacts business directly or indirectly for or with or executes a deal for a authorised

representative or employee of another Clearing Member without the written consent of such employing Clearing Member;

- (g) *Evasion of Margin Requirements:* If he willfully evades or attempts to evade or assists in evading the margin requirements prescribed in these Bye Laws and Regulations;
- (h) *Clearing Fees:* If he willfully evades or attempts to evade or assists in evading the Bye Laws and Regulations relating to clearing fees.
- (i) *Advertisement:* If it advertises for business purposes or issues regularly circular or other business communication to persons other than its own constituents, trading members of the Exchange, Banks and Joint Stock Companies or publishes pamphlets, circulars or any other literature or report or information relating to the stock markets, without the prior written permission of the Clearing Corporation or in contravention of the advertisement code prescribed by the Clearing Corporation.

4. **CLEARING MEMBER RESPONSIBLE FOR PARTNERS, AGENTS AND EMPLOYEES**

A Clearing Member shall be fully responsible for the acts and omissions of its authorised officials, attorneys, agents, authorised representatives and employees and if any such act or omission be held by the relevant authority to be one which if committed or omitted by the Clearing Member would subject it to any of the penalties as provided in the Bye Laws, Rules and Regulations of the Clearing Corporation then such Clearing Member shall be liable thereof to the same penalty to the same extent as if such act or omission had been done or omitted by him.

5. **SUSPENSION ON FAILURE TO PROVIDE MARGIN DEPOSIT, DEPOSIT OR CONTRIBUTION TO SETTLEMENT GUARANTEE FUND OR CAPITAL ADEQUACY REQUIREMENTS**

The relevant authority may suspend a Clearing Member and/or require a Clearing Member to suspend his business if he fails to provide the margin deposits, deposits and contributions to Settlement Guarantee Fund and/or meet capital adequacy norms as provided in these Bye Laws, Rules and Regulations and the suspension of business shall continue until the Clearing Member furnishes the necessary margin deposit or deposit/contribution to Settlement Guarantee Fund or meet capital adequacy requirements. The relevant authority may expel Clearing Member acting in contravention of this provision.

6. **SUSPENSION OF BUSINESS**

The relevant authority may suspend a Clearing Member and/or require a Clearing Member to suspend its business in part or in whole:

- a) *Unwarrantable Business:* When in the opinion of the relevant authority the Clearing Member engages in unwarrantable business or effects deals for its constituent's account or for any account in which he is directly or indirectly interested which deals are excessive in view of his constituent's or his own means and financial resources or in view of the market for such security, or
- b) *Unsatisfactory Financial Condition:* When in the opinion of the relevant authority the Clearing Member is in such financial condition that he cannot be permitted to do business with safety to his creditors or the Clearing Corporation.

7. REMOVAL OF SUSPENSION

The suspension of business as mentioned above shall continue until the Clearing Member has been allowed by the relevant authority to resume his business on paying such deposit or his doing such act or providing such thing as the relevant authority may require.

8. PENALTY FOR CONTRAVENTION

A Clearing Member who is suspended or who is required to suspend his business or part thereof may be expelled by the relevant authority if he acts in contravention of such suspension or requirement.

9. CLEARING MEMBERS AND OTHERS TO TESTIFY AND GIVE INFORMATION

A Clearing Member shall appear and testify before and cause its partners, attorneys, agents, authorised representatives and employees to appear and testify before the relevant authority or before other Committee(s) or an officer of the Clearing Corporation authorised in that behalf and shall produce before the relevant authority or before other Committee(s) or an officer of the Clearing Corporation authorised in that behalf, such books, correspondence, documents, papers and records or any part thereof which may be in its possession and which may be deemed relevant or material to any matter under inquiry or investigation.

10. PERMISSION NECESSARY FOR LEGAL REPRESENTATION

No person shall have the right to be represented by professional counsel, attorney, advocate or other representative in any investigation or hearing before the relevant authority or any other Committee unless the relevant authority or other Committee so permits.

11. EXPLANATION BEFORE EXPULSION

A Clearing Member shall be entitled to be summoned before the relevant authority and afforded an opportunity for explanation before being expelled but in all cases the findings of the relevant authority shall be final and conclusive.

12. IMPOSITION OF PENALTIES

The penalty of suspension, withdrawal of all or any of the membership rights, fine, censure or warning may be inflicted singly or conjointly by the relevant authority. The penalty of expulsion may be inflicted by relevant authority.

13. PRE-DETERMINATION OF PENALTIES

The relevant authority shall have the power to pre-determine the penalties, the period of any suspension, the withdrawal of particular membership rights and the amount of any fine that would be imposed on contravention, non-compliance, disobedience, disregard or evasion of any Bye Law, Rules or Regulations of the Clearing Corporation or of any resolution, order, notice, direction, decision or ruling thereunder of the Clearing Corporation, the relevant authority or of any other Committee or officer of the Clearing Corporation authorised in that behalf.

14. COMMUTATION

The relevant authority in its discretion may in any case suspend a Clearing Member in lieu of the penalty of expulsion or may withdraw all or any of the membership rights or impose a fine in lieu of the penalty of suspension or expulsion and may direct that the guilty Clearing

Member be censured or warned or may reduce or remit any such penalty on such terms and conditions as it deems fair and equitable.

15. RECONSIDERATION/REVIEW

The relevant authority may of its own or on appeal by the Clearing Member concerned, reconsider and rescind, revoke or modify its order fining, censuring, warning or withdrawing all or any of the membership rights of the Clearing Member. In a like manner the relevant authority may rescind, revoke or modify its resolution expelling or suspending any Clearing Member.

16. FAILURE TO PAY FINES AND PENALTIES

If a Clearing Member fails to pay any fine or penalty imposed on him within such period as prescribed from time to time by the relevant authority he may be suspended by the relevant authority until he makes payment and if within a further period as prescribed from time to time he fails to make such payment he may be expelled by the relevant authority.

17. CONSEQUENCES OF SUSPENSION

The suspension of a Clearing Member shall have the following consequences namely:

(1) Suspension of Membership Rights

A suspended Clearing Member shall during the terms of his suspension, be deprived of and excluded from all rights and privileges of membership but he may be proceeded against by the relevant authority for any offense committed by him before or after suspension and the relevant authority shall not be debarred from taking cognisance of and dealing with or adjudicating on claims made against him by other Clearing Members;

(2) Rights of creditors unimpaired

The suspension shall not affect the rights of Clearing Members who are creditors of the suspended Clearing Members and rights of the Clearing Corporation;

(3) Fulfilment of Deals and Obligations

The suspended Clearing Member shall be bound to fulfill obligations and deals outstanding at the time of his suspension;

(4) Further business prohibited

The suspended Clearing Member shall not during the terms of his suspension transact any business provided that he may with permission of the relevant authority close the deals outstanding at the time of his suspension;

18. CONSEQUENCES OF EXPULSION

The expulsion of a Clearing Member shall have the following consequences namely:

(1) Clearing Membership Rights forfeited

The expelled Clearing Member shall forfeit to the Clearing Corporation its right of Clearing Membership and all rights and privileges as a Clearing Member of the Clearing Corporation including any right to the use of any claim upon or any interest in any property or funds of the Clearing Corporation but any liability of any such

Clearing Member to the Clearing Corporation or to any Clearing Member of the Clearing Corporation shall continue and remain unaffected by its expulsion;

(2) Office vacated

The expulsion shall create a vacancy in any office or position held by the expelled Clearing Member;

(3) Rights of Creditors unimpaired

The expulsion shall not affect the rights of the Clearing Members who are creditors of the expelled Clearing Member;

(4) Fulfilment of Deals and Obligations

The expelled Clearing Member shall be bound to fulfill deals and obligations outstanding at the time of his expulsion and he may with the permission of the relevant authority close such outstanding transactions;

(5) Clearing Members not to deal

No Clearing Member shall transact business for or with the expelled Clearing Member except with the previous permission of the relevant authority.

(6) Consequences of declaration of defaulter to follow

The provisions of Chapter XI of the Bye Laws pertaining to default shall become applicable to the Clearing Member expelled from the Clearing Corporation as if such Clearing Member has been declared a defaulter.

(7) Expulsion Rules to Apply

When a Clearing Member ceases to be such under the provisions of these Bye Laws and Rules otherwise than by death, default or resignation it shall be as if such Clearing Member has been expelled by the relevant authority and in that event all the provisions relating to expulsion contained in these Rules shall apply to such Clearing Member in all respects.

19. NOTICE OF PENALTY AND SUSPENSION OF BUSINESS

- (1) Notice shall be given to the Clearing Member concerned and to the Clearing Members in general by such mode as may be decided by the relevant authority from time to time of the expulsion or suspension or default of or of the suspension of business by a Clearing Member or of any other penalty imposed on it or on its partners or other employees. The relevant authority may in its absolute discretion and in such manner as it thinks fit notify or cause to be notified to the Clearing Members of the Clearing Corporation or to the public that any person who is named in such notification has been expelled, suspended, penalised or declared a defaulter or has suspended his business or ceased to be a Clearing Member. No action or other proceedings shall in any circumstances be maintainable by such person against the Clearing Corporation or the relevant authority or any officer or employee of the Clearing Corporation for the publication or circulation of such notification. The application for Clearing Membership or the application for registration as the constituted attorney or authorised representative or by the person concerned shall operate as license and this Bye Laws and Rules shall operate as leave to print, publish or circulate such advertisement or notification and be pleadable accordingly.

- (2) Notwithstanding anything contained in these provisions, if in the opinion of the relevant authority it is necessary to do so, he may, for reasons to be recorded in writing, temporarily suspend forthwith the Clearing Member, pending completion of appropriate proceedings for suspension under this chapter by the relevant authority, and no notice of hearing shall be required for such temporary suspension and such temporary suspension shall have the same consequences of suspension under this chapter, provided that appropriate proceedings provided in this chapter shall be commenced by issue of a notice to show cause to the Clearing Member within 10 days of such temporary suspension. Any such temporary suspension may be revoked at the discretion of the relevant authority, for reasons to be recorded in writing, if the relevant authority is satisfied that the circumstances leading to the formation of opinion of the relevant authority to suspend, has ceased to exist or are satisfactorily resolved.

MCX-SX CLEARING CORPORATION LIMITED

MCX-SX CLEARING CORPORATION (FUTURES AND OPTIONS SEGMENT) BYE LAWS

Arrangement of Chapters

Chapter	Description
I.	Definitions
II.	Clearing Segments
III.	[Statutory and Other] ¹³ Committee
IV.	Regulations
V.	Clearing Members
VI.	Clearing and Settlement of Deals
VII.	Dealings by Clearing Members
VIII.	Margins
IX.	Rights and Liabilities of Clearing Members and Constituents
X.	Arbitration
XI.	Default
XII.	Settlement Guarantee Fund
XIII.	Miscellaneous

¹³ Substituted w.e.f. January 28, 2014, prior to substitution, Chapter III read as under:
III. Executive Committee

CHAPTER I

DEFINITIONS

1. BOARD

"Board" means Board of Directors of MCX-SX Clearing Corporation Limited.

2. BYELAWS

Unless the context indicates otherwise, "Byelaws" means the Byelaws of the Futures & Options Segment of the Clearing Corporation for the time being in force.

3. CLEARING AND SETTLEMENT

"Clearing and Settlement" means clearing or settlement or clearing and settlement of deals in respect of Futures & Options Segment in such manner and subject to such conditions as may be specified by the Relevant Authority from time to time, unless the context indicates otherwise.

4. CLEARING BANK

"Clearing Bank" is such bank as the Clearing Corporation may appoint to act as one of funds settling agency, for the collection of margin money for all deals cleared through F & O Segment and any other funds movement between clearing members and the Clearing Corporation and between clearing members as may be directed by the Clearing Corporation from time to time.

5. CLEARING CORPORATION

"Clearing Corporation" means MCX-SX Clearing Corporation Limited.

6. CLEARING MEMBER

"Clearing Member" means a member of the F & O Segment of Clearing Corporation and includes all categories of clearing members as may be admitted as such by the Clearing Corporation but does not denote the shareholders of the Clearing Corporation.

7. CONSTITUENT

"Client /Constituent" means a person registered with a clearing member as such, on whose instructions and on whose account the Clearing Member clears and settles deals and/or agrees to clear and settle trades. Explanation 1: The terms 'Constituent' and 'Client' are used interchangeably in the Byelaws, Rules & Regulations and shall have the same meaning assigned herein.

Explanation 2: The term 'Constituent' in relation to trades shall also include a trading member where such trades done on the Specified Exchange are cleared and settled on his behalf by a Clearing Member.

8. FUTURES & OPTIONS SEGMENT

"Futures & Options Segment" or "F&O Segment" means Futures and Options Segment of Clearing Corporation and also includes the different clearing sub-segments or divisions thereof for clearing and settlement of deals as may be classified by the relevant authority from time to time.

9. DEAL

"Deal" means, unless the context indicates otherwise, a deal which is admitted to be cleared and settled through the Clearing Corporation in the F & O Segment.

10. DELIVERING MEMBER

"Delivering Member" means a clearing member who has to or has delivered documents in fulfillment of contract to which these Rules, Bye Laws and Regulations apply, unless the context indicates otherwise.

11. RECEIVING MEMBER

"Receiving Member" means a clearing member who has to receive or has received

documents or securities in fulfillment of contracts to which these Rules, Bye Laws and Regulations apply unless the context indicates otherwise.

12. REGULATIONS

"Regulations" means Regulations of the F & O Segment for the time being in force and includes code of conduct and such other procedures and regulations, circulars, directives and orders as issued by the relevant authority from time to time.

13. RELEVANT AUTHORITY

"Relevant Authority" means the Managing Director, Board, Securities and Exchange Board of India or such other authority as specified by the Board from time to time as relevant for a specified purpose.

14. RULES

Unless the context indicates otherwise, "Rules" means the Rules of the F & O Segment for the time being in force.

15. SEBI

"SEBI" means the Securities and Exchange Board of India.

16. SECURITIES

"Securities" shall have the meaning assigned to it in the Securities Contracts (Regulation) Act, 1956 and shall also include such other class of instruments or products, monetary or non-monetary, scrip-less or otherwise, as may be admitted to be cleared and settled through the F & O Segment.

17. SETTLEMENT GUARANTEE FUND

"Settlement Guarantee Fund" means a fund established and maintained in accordance with these Byelaws.

18. SPECIFIED EXCHANGE

"Specified Exchange" means a recognised stock exchange or any one or more segments of such exchange subject to Securities Contracts (Regulation) (Stock Exchange and Clearing Corporation) Regulations, 2012 dealings on which may be admitted to be cleared and settled by the Clearing Corporation in its F & O Segment subject to such terms and conditions as may be specified from time to time by the relevant authority.

19. TRADING MEMBER

"Trading Member" means any person admitted as a member in any Exchange in accordance with the Rules, Bye Laws and Regulations of that Exchange.

20. INTERPRETATION

(i) The words and phrases defined above shall carry the same meaning as defined, wherever they occur in these Bye-laws or in the Rules or Regulations of the F&O Segment, unless the context requires otherwise.

(ii) Words and expressions used in these Bye-laws, but not defined herein, shall have the meanings assigned to them under any of the following:

- (a) Securities Contracts (Regulations) Act, 1956 and the rules and regulations made thereunder;
- (b) Securities and Exchange Board of India Act, 1992 and the regulations made thereunder;
- (c) Companies Act, 1956 and the rules made thereunder;
- (d) Depositories Act, 1996 and the regulations made thereunder; (e) Bye-laws, Rules and Regulations of the Specified Exchange; (f) Rules of the Clearing Corporation.

(iii) If any word or expression is used but not defined herein, but is defined in more than one of the above enactments/instruments mentioned in clause (ii), it shall have the meaning given in the enactment or instrument that precedes the other(s) in the order given in the said

clause.

CHAPTER II

CLEARING SEGMENTS

1. There may be more than one clearing sub-segment as may be specified by the relevant authority under these Bye-laws from time to time, subject to approval by SEBI under Regulation 38 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012
2. The Clearing Corporation may establish more than one clearing sub-segment or division in the F & O Segment as may be specified by the relevant authority from time to time. Deals which may be admitted to the different clearing sub-segments or divisions of F & O Segment for the purpose of clearing and settlement will be specified by the relevant authority from time to time.

CHAPTER III

[STATUTORY AND OTHER COMMITTEES

1. The Board may, from time to time, constitute one or more committees comprising of members of the Board or such other members as the Board may in its discretion deem fit or necessary or as may be prescribed by SEBI from time to time.
2. The Board may specify the terms of reference of such committee and delegate to such committees such powers as the Board may deem fit or as may be prescribed by SEBI from time to time and the Board may from time to time revoke such delegation or dissolve such committees.]¹⁴

CHAPTER IV

REGULATIONS

1. The Board or the Executive Committee may prescribe Regulations from time to time for the functioning and operations of the F & O Segment and to regulate the functioning and operations of the clearing members of the F & O Segment.
2. Without prejudice to the generality of the above, the Board or the Executive Committee may prescribe regulations from time to time, inter alia, with respect to:
 - (1) norms, procedures, terms and conditions for admission of Exchanges;
 - (2) norms, procedures, terms and conditions to be complied with for admission of deals for clearing and settlement in the F & O Segment by the Clearing Corporation;
 - (3) norms, procedures, terms and conditions for clearing and settlement of deals in the F & O Segment;
 - (4) forms and conditions of deals to be entered into, and the time, mode and manner for performance of deals between clearing members inter se or between clearing members and their constituents;
 - (5) norms, procedures, terms and conditions for guaranteed settlement by the F&O

¹⁴ Substituted w.e.f. January 28, 2014, prior to substitution Chapter III read as under:

EXECUTIVE COMMITTEE

1. Executive Committee(s) may be appointed by the Board for the purposes of managing the affairs of the F & O Segment of the Clearing Corporation in such manner as laid down in the Rules and SEBI Regulations.
2. The Executive Committee of F & O Segment shall have such responsibilities and powers as may be delegated to it by the Board.
3. The Executive Committee for F & O Segment shall not have any representation from the Clearing Members and Trading Members.

- Segment;
- (6) prescription, from time to time, and administration of penalties, fines and other consequences, including suspension/expulsion of clearing members from the F & O Segment for defaults;
 - (7) norms, procedures, terms and conditions for imposition and administration of different types of margins and other charges and restrictions that may be imposed by the F & O Segment from time to time.
 - (8) determination from time to time, of fees, system usage charges, deposits, margins and other monies payable to the Clearing Corporation by clearing members of the F & O Segment and the scale of clearing and other charges that may be collected by such clearing members;
 - (9) supervision of the clearing operations and promulgation of such Business Rules and Codes of Conduct as it may deem fit;
 - [(9A) maintenance of records and books of accounts by clearing members as it may deem fit and records as required under the Securities Contracts (Regulation) Act and Rules made thereunder or any other law for the time being in force;]¹⁵
 - (10) inspection and audit of records and books of accounts;
 - (11) settlement of disputes, complaints, claims arising between clearing members inter-se as well as between clearing members and persons who are not clearing members relating to any deal in securities cleared and settled through the F & O Segment including settlement by arbitration;
 - (12) norms, procedures, terms and conditions for arbitration;
 - (13) administration, maintenance and investment of the corpus of the Fund(s) set up by the F & O Segment including Settlement Guarantee Fund(s);
 - (14) establishment, norms, terms and conditions, functioning and procedures of clearing house, clearing through depository or other arrangements including custodial services for clearing and settlement;
 - (15) norms, procedures, terms and conditions in respect of, incidental to or consequential to closing out of deals;
 - (16) dissemination of information and announcements; (17) any other matter as may be decided by the Board.

CHAPTER V

CLEARING MEMBERS

1. The relevant authority is empowered to admit clearing members in accordance with Rules and Regulations subject to the minimum financial requirements prescribed by SEBI and/or the Clearing Corporation. Such Clearing Members shall pay such fees, security deposits and other monies as may be specified by the Board or the relevant authority from time to time, on admission as Clearing Members and for continued admission. The fees, security deposits, other monies and any additional deposits paid, whether in the form of cash, bank guarantee, securities or otherwise, with the Clearing Corporation, by a Clearing Member from time to time, shall be subject to a first and paramount lien for any sum due to the Clearing Corporation in any Clearing Segment and all other claims against the Clearing Member for due fulfillment of engagements, obligations and liabilities of Clearing Members arising out of or incidental to any dealings made subject to the Byelaws, Rules and Regulations of the Clearing Corporation in any Clearing Segment. The Clearing Corporation shall be entitled to adjust or appropriate such fees, deposits and other monies for such dues and claims, to the exclusion of the other claims against the Clearing Member, without any reference to the Clearing Member.

The proceeds arising out of invocation of the bank guarantees furnished by the Clearing Member in lieu of security deposits or additional deposits on being invoked by the Clearing Corporation shall not be reckoned as part of the Clearing

¹⁵ Inserted w.e.f. January 28, 2014

Member's deposits for the purpose of enablement or exposure, etc.

The Clearing Corporation may utilise the proceeds of the bank guarantee so invoked for the purpose of settlement of claims / dues of clients, Clearing Corporation, the stock exchange or SEBI against the Clearing Member. The surplus, if any, shall be refunded to the Clearing Member.

[(1A) The relevant authority may specify prerequisites, conditions, formats and procedures for application for admission, termination, re-admission, etc. of clearing members to F&O clearing segment. The relevant authority may, at its absolute discretion, refuse permission to any applicant to be appointed as clearing member in F&O Segment.]¹⁶

2. Clearing Member of any sub-segment may clear and settle deals through the Clearing Corporation pertinent to that sub-segment in such manner and mode and subject to such terms and conditions and procedures as may be specified by the relevant authority.
3. Clearing Members may clear and settle deals either on their own account or on behalf of their clients unless otherwise specified by the relevant authority and subject to such terms and conditions which the relevant authority may prescribe from time to time.

[Conditions

4. (a) Clearing members shall adhere to the Bye Laws, Rules and Regulations of the F&O Segment of the Clearing Corporation and shall comply with such operational parameters, rulings, notices, guidelines and instructions of the relevant authority as may be applicable.
- (b) All deals cleared on the Clearing Corporation shall be in accordance with the Bye Laws, Rules and Regulations of the F&O Segment of the Clearing Corporation.
- (c) Clearing members shall furnish declarations relating to such matters and in such forms as may be prescribed by the relevant authority from time to time.
- (d) Clearing members shall furnish such information and periodic returns pertaining to their operations as may be required by the relevant authority from time to time.
- (e) Clearing members shall furnish to the extent such audited and/or unaudited financial or quantitative information and statements as may be required by the relevant authority from time to time.
- (f) Clearing members shall extend full co-operation and furnish such information and explanation as may be required for the purpose of any inspection or audit authorised by the relevant authority or other authorised official of the Stock Exchange/ Clearing Corporation into or in regard to any dealings, their settlement, accounting and/or other related matters.]¹⁷

CHAPTER VI

CLEARING AND SETTLEMENT OF DEALS

A. DEALS FOR CLEARING AND SETTLEMENT

¹⁶ Inserted w.e.f. January 28, 2014

¹⁷ Inserted w.e.f. January 28, 2014

1. CLEARING AND SETTLEMENT OF DEALS

- (1) The F & O Segment of Clearing Corporation shall clear and settle such deals as provided in the Bye Laws and Regulations and save as so provided, no other deals shall be cleared and settled.
- (2) Without prejudice to the generality of the above, the relevant authority may in its discretion and subject to such conditions as it may deem fit admit any other deals.

2. ADMISSION OF DEALS

- (1) Clearing and settlement shall be permitted on the Clearing Corporation in deals which are from time to time admitted on the F & O Segment subject to approval by SEBI by the relevant authority in accordance with the provisions of the Bye Laws and Regulations.
- (2) The relevant authority may specify securities from time to time dealings on which may be admitted in accordance with the provisions of the Bye Laws and Regulations in that regard subject to approval by SEBI.
- (3) The relevant authority may specify stock exchanges from time to time dealings on which may be admitted for clearing and settlement by the F & O Segment in accordance with the provisions of the Bye Laws and Regulations subject to approval by SEBI.

3. CONDITIONS AND REQUIREMENTS OF CLEARING AND SETTLEMENT

The relevant authority may grant admission of deals dealt in the Exchange provided all the conditions and requirements specified in the Bye Laws and Regulations and such other conditions and requirements as the relevant authority may prescribe from time to time are complied with.

4. REFUSAL OF ADMISSION OF DEALS

The relevant authority may, in its discretion, approve admission of deals or defer, or reject admission of deals for clearing and settlement on the F & O Segment, subject to such terms as it deems fit.

5. SPECIFIC DEALS

The relevant authority may permit in appropriate cases as it may at its discretion decide from time to time specific deals to be cleared and settled through the F & O Segment in case of securities which are not admitted or are for the time being prohibited or suspended.

6. SUSPENSION OF ADMISSION OF DEALS

The relevant authority may suspend at any time the admission of deals including of any security or of specified exchange on F & O Segment for such period as it may determine and reinstate such deals subject to such conditions as it may deem fit.

7. WITHDRAWAL OF ADMISSION OF DEALS

The relevant authority may where it deems necessary withdraw the admission to dealings of a specified exchange either for breach of or non-compliance with any of the conditions or requirements of admission of dealings or for any other reason whatsoever.

8. READMISSION OF DEALS

The relevant authority in its discretion may readmit deals of a specified exchange which has been previously withdrawn.

B. CLEARING AND SETTLEMENT OF DEALS

9. CLEARING AND SETTLEMENT

1. Clearing and settlement of deals in the F & O Segment may be on netted basis or gross basis or trade- for-trade basis or any other basis as may be specified by the relevant authority from time to time. Settlement shall be effected by clearing members giving and receiving delivery and paying and receiving funds as may be specified by the relevant authority from time to time in the Bye Laws and Regulations.

2. [The relevant authority may prescribe terms and conditions and processes and procedures for netting, from time to time.]

Explanation: for the purpose of this Bye-law

"Netting" means the determination by Clearing Corporation of net payment or delivery obligations of the clearing members of a recognised clearing corporation by setting off or adjustment of the inter se obligations or claims arising out of buying and selling of securities including the claims and obligations arising out of the termination by the Clearing Corporation or Stock Exchange, in such circumstances as the Clearing Corporation may specify in bye-laws, of the transactions admitted for settlement at a future date, so that only a net claim be demanded, or a net obligation be owed.

9A) Novation

1. Novation means the act of a clearing corporation interposing itself between both parties of every trade, being the legal counterparty to both.
2. The relevant authority may prescribe terms and conditions and processes and procedures to effect novation, from time to time.'

9B) Settlement and Netting

1. Payment and settlement in respect of a transaction between parties referred above, shall be final, irrevocable and binding on the parties. When a settlement has become final and irrevocable, the right of clearing corporation, to appropriate any collaterals or deposits or margins contributed by the trading member, clearing member or client towards its settlement or other obligations in accordance with the bye-laws shall take priority over any other liability of or claim against the said trading member, clearing member or client, as the case may be.in terms of the applicable laws
2. The relevant authority may prescribe terms and conditions and processes and procedures in this regard, from time to time.'

9C) Guarantee of Settlement of Trades

1. The Clearing Corporation guarantees the completion of Clearing and settlement of deals admitted to it for clearing and settlement of obligations in terms of the provisions of these Bye-Laws and the Rules and Regulations of the Clearing Corporation
2. The relevant authority may prescribe terms and conditions and processes and procedures in respect of settlement guarantee, from time to time.
- 3.The relevant authority may from time to time exclude deals or classes of deals from the settlement guarantee mentioned in clause (1) above.]¹⁸

10. PRIVACY OF CONTRACT

- (1) Clearing members giving and receiving delivery as provided in the Bye Laws and Regulations shall be deemed, notwithstanding that no direct contract may exist between them, to have made a contract with each other as sellers and buyers. However the rights and liabilities of delivering and receiving member in relation to their immediate contracting party shall not be deemed to be affected thereby except that the selling member (unless he be himself the delivering member) shall be released from all responsibility in regard to the title, ownership, genuineness, regularity and validity of the documents received by the receiving member and in regard to the loss and damages arising therefrom, which shall be dealt with in accordance with the provisions of Bye Laws and Regulations thereof.

¹⁸ Inserted w.e.f. January 28, 2014.

- (2) In cases where the F & O Segment may specify either generally or specifically, clearing members giving and receiving delivery and paying and receiving funds as provided in the Bye Laws and Regulations shall be deemed, notwithstanding that no direct contract exists between them, to have made a contract with the Clearing Corporation as sellers and buyers and between themselves as delivering and receiving members; provided further however that in such event the rights and liabilities of delivering and receiving member with the F & O Segment shall not be deemed to be affected thereby except that the F & O Segment shall not be responsible in respect of the title, ownership, genuineness, regularity and validity of the documents delivered or received and in regard to the loss and damages arising therefrom, which shall be dealt with in accordance with the provisions of Bye Laws and Regulations.
- (3) Notwithstanding anything contained above, the Clearing Corporation may specify either generally or specifically, where Clearing Members clearing and settling deals as provided in the Bye laws and Regulations shall be deemed, notwithstanding that no direct contract exists between them, to have made a contract between themselves as buyers and sellers and where such contract shall be submitted with the Clearing Corporation as the buyer to the seller and as the seller to the buyer.

11. ARRANGEMENT FOR CLEARING AND SETTLEMENT

- (1) Clearing and settlement of deals shall be effected by clearing members by adopting and using such arrangements, systems, agencies or procedures as may be specified by the relevant authority from time to time. Without prejudice to the generality of the above, the relevant authority may prescribe or specify from time to time such custodial, depository and other services for adoption and use by clearing members and their constituents to facilitate smooth operation of the clearing and settlement arrangement or system.
- (2) The Clearing Corporation will act as the central counterparty to all trades and will provide full novation.
- (3) Save as otherwise expressly provided in the Bye Laws and Regulations, when funds and securities are cleared and/or settled under a specified arrangement, the settlement responsibility shall rest wholly and solely upon the counter parties to the contract and/or the concerned clearing members as the case may be and the Clearing Corporation shall act as the common agent of the clearing members for receiving or giving delivery of securities and for receiving and paying funds, without incurring any liability or obligation as a principal.

12. OPERATIONAL PARAMETERS FOR CLEARING

- (1) The relevant authority may determine and announce from time to time operational parameters regarding clearing of deals through the Clearing Corporation in the F & O Segment which the clearing members shall adhere to.
- (2) The operational parameters may, inter alia, include:
 - (a) clearing/exposure limits allowed which may include clearing/exposure limits with reference to networth and capital adequacy norms;
 - (b) clearing volumes and limits at which it will be incumbent for clearing members to intimate the F & O Segment;
 - (c) fixation of delivery lots for different settlement types;
 - (d) other matters which may affect smooth operation of clearing of deals keeping in view larger interest of the public;
 - (e) determining types of deals permitted for a clearing member and for a security;
 - (f) determining functional details of the clearing and settlement system including the system design, user infrastructure and system operation.
 - (g) Collection of margins from constituents and reporting collection of the same;

13. CLEARING HOURS

- (1) The hours for clearing and settling of F & O Segment of the Clearing

Corporation shall be during such time as may be decided by the relevant authority from time to time. The relevant authority may, from time to time, specify clearing hours for different types of deals and different clearing sub segments or divisions of the F & O Segment.

- (2) The relevant authority may declare a list of holidays in a calendar year. The relevant authority may from time to time alter or cancel any of the holidays fixed in accordance with these provisions. It may, for reasons to be recorded, suspend clearing and settlement operations in the F & O Segment on days other than or in addition to holidays.

14. DELIVERY OF SECURITIES

- (1) Delivery and settlement of all securities, documents and papers and payment in respect of all deals in the F & O Segment shall be in such manner and such place(s) as may be specified by the relevant authority from time to time.
- (2) The relevant authority shall specify from time to time, the securities, documents and papers which, when delivered in specified manner, shall constitute good delivery. Where circumstances so warrant, the relevant authority may determine, for reasons to be recorded, whether or not a delivery constitutes a good delivery, and such findings shall be binding on parties concerned. Where the relevant authority determines that a delivery does not constitute a good delivery, the delivering party shall be required to substitute good delivery instead within such time as may be specified or take such other action as may be specified.
- (3) The norms and procedures for delivery with respect to market lot, odd lot, minimum lot, part delivery, delivery of partly paid securities etc., shall be as specified by the relevant authority from time to time.
- (4) The requirements and procedures for determining disputed deliveries or defective deliveries, and measures, procedures and system of resolving the dispute or defect in deliveries or of consequences of such deliveries or their resolution shall, subject to these Bye Laws, be as specified by the relevant authority from time to time.

15. CLOSING OUT

- (1) A deal admitted for clearing and settlement may be transferred to another clearing member with his consent on the failure of a clearing member to comply with any of the provisions relating to delivery, payment and settlement of deals or on any failure to fulfill the terms and conditions subject to which the deal has been made, or such other circumstances as the relevant authority may specify from time to time. The deal may be transferred to another clearing member by the Clearing Corporation in such manner, within such time frame, and subject to such conditions and procedures as the relevant authority may prescribe from time to time.
- (2) A deal admitted for clearing and settlement may be closed out on failure of a clearing member to comply with any of the provisions relating to delivery, payment and settlement of deals or on any failure to fulfill the terms and conditions subject to which the deal has been made, or such other circumstances as the relevant authority may specify from time to time. The deal may be closed out by the Clearing Corporation in such manner, within such time frame and subject to such conditions and procedures as the relevant authority may prescribe from time to time.
- (3) Without prejudice to the generality of the foregoing, the relevant authority may close out deals, inter alia, by buying in or selling out against a clearing member as follows:-
 - (a) in case of the selling clearing members, on failure to complete delivery on the due date; and
 - (b) in case of the buying clearing members, on failure to pay the amount due on the due date,
 - (c) and any loss, damage or shortfall sustained or suffered as result of such closing out shall be payable by the clearing members who failed to

give due delivery or to pay amount due.

16. FAILURE TO MEET OBLIGATIONS

In the event a clearing member fails to meet obligations to the Clearing Corporation arising out of clearing and settlement of, the relevant authority may charge such interest, impose such penalties and fines and take such disciplinary action against the clearing member as it may determine from time to time. Any disciplinary action which the relevant authority takes pursuant to the above shall not affect the obligations of the clearing member to the Clearing Corporation or any remedy to which the Clearing Corporation may be entitled under applicable law.

CHAPTER VII

DEALINGS BY CLEARING MEMBERS

1. JURISDICTION

- (1) All deals admitted by the Clearing Corporation in its F & O Segment for clearing and settlement shall be deemed to have been entered into in the city of Mumbai unless provided otherwise expressly by the relevant authority.
- (2) The relevant authority may, from time to time, specify deals as subject to a particular jurisdiction, having regard to the type or nature of the deal, the exchange on which the deal was struck and other relevant factors.

2. RECORD FOR EVIDENCE

The record of the F & O Segment as maintained by a central processing unit or a cluster of processing units or computer processing units, or maintained in any other manner including the alternative sites maintained for risk mitigations shall constitute the agreed and authentic record in relation to any deals cleared and settled through the Clearing Corporation. For the purposes of any disputes regarding clearing and settlement of deals, the records as maintained by the F & O Segment shall constitute valid evidence in any dispute or claim between the constituents and the clearing member or between the clearing members inter-se or between the clearing members and the F & O Segment.

3. CLEARING MEMBER ONLY PARTIES TO DEALS

The Clearing Corporation in its F & O Segment does not recognise as parties to deals any persons other than its own clearing members, and every clearing member is directly and wholly liable in accordance with whom such clearing member has any deal for due fulfillment of the deal or to the F & O Segment as may be specified by the relevant authority, whether such deal be for account of the clearing member effecting it or for account of a constituent.

4. ALL DEALS SUBJECT TO RULES, BYE LAWS AND REGULATIONS

All deals shall be made subject to the Rules, Bye Laws and Regulations and this shall be a part of the terms and conditions of all such deals and the deals shall be subject to the exercise by the relevant authority of the powers with respect thereto vested in it by the Bye Laws, Rules and Regulations.

5. INVIOABILITY OF ADMITTED DEALS

- (1) All the dealings in securities on the F & O Segment of the Clearing Corporation made subject to the Byelaws, Rules and Regulations shall be inviolable and shall be cleared and settled in accordance with the Byelaws, Rules and Regulations. However, the Clearing Corporation may by a notice annul the deal(s) on an application made by a Clearing Member in that behalf, if the relevant authority is satisfied after hearing the other party/parties to the deal(s) that the deal(s) is /are fit for annulment on account of fraud or wilful misrepresentation or material mistake in the deal.
- (2) Notwithstanding anything contained in clause (1) above, the Clearing Corporation may, to protect the interest of investors in securities and for proper regulation of the securities market, suo motu annul deal(s) at any time if the relevant authority is satisfied for reasons to be recorded in writing that such deal(s) is/ are vitiated by fraud, material mistake, misrepresentation or market or price manipulation and the like.
- (3) Any annulment made pursuant to clauses (1) and (2) above, shall be final and binding upon the parties to deal(s). In such an event, the Clearing Member shall be entitled to cancel the relevant deal(s) with its constituents.

6. DEALS BY REPRESENTATIVE CLEARING MEMBERS

A clearing member may authorise another clearing member to act as his representative for a specified period with the prior permission of the relevant

authority.

7. NON-LIABILITY OF CLEARING CORPORATION

The Clearing Corporation shall not be liable for any activity of the clearing member or any person acting in the name of the clearing member whether authorized or unauthorized including deals cleared and settled through the Clearing Corporation in the F & O Segment save and except as and to the extent provided in the Bye Laws and Regulations.

CHAPTER VIII

MARGINS

1. MARGIN REQUIREMENTS

- (1) The relevant authority may from time to time prescribe requirements of margins for deals cleared and settled through the Clearing Corporation in the F & O Segment and the clearing member shall furnish such margin as a condition precedent.
- (2) Every Clearing Member has a continuing obligation to maintain margins at such levels and during such periods as may be stipulated by the Clearing Corporation from time to time.

2. FORM OF MARGIN

The margins to be provided by a clearing member under the Bye Laws and Regulations in the F & O Segment shall be in cash. The relevant authority may at its discretion accept deposit receipts, guarantee of a bank(s) approved by the relevant authority or securities approved by it or such other mode as may be approved and subject to such terms and conditions as the relevant authority may impose from time to time. Any such substitute like deposit receipt, securities approved by it or any other mode duly approved shall be deemed to have been pledged and/or hypothecated as the case may be in favour of the Clearing Corporation in respect of F & O Segment.

3. QUANTUM OF MARGIN

The Clearing Member depositing margins, in the form of securities by way of pledge or otherwise or in such other mode as may be specified by the relevant authority from time to time, shall always maintain the value thereof at not less than the quantum of margin required for the time being covered by them by providing further security to the satisfaction of the relevant authority which shall determine the said value and whose valuation shall conclusively fix the amount of any deficiency to be made up from time to time.

4. MARGIN TO BE HELD BY THE CLEARING CORPORATION IN RESPECT OF F & O SEGMENT

The margins shall be held by the Clearing Corporation in respect of F & O Segment and when they are in the form of bank deposit receipts and securities, such receipts and securities may be transferred to such persons or to the name of a custodian or such other entity approved by the Clearing Corporation. All margin deposits shall be held by the Clearing Corporation and/or by the approved persons and/or by the approved custodian in such form and on such account as the Clearing Corporation may deem fit without any right whatsoever on the part of the depositing clearing member or those in its right to call in question the exercise of such discretion.

5. LIEN ON MARGINS

The monies paid by way of margin or bank deposit receipts or other securities or assets pledged or hypothecated by a clearing member in lieu of margin under the provisions of the Bye Laws and Regulations shall be subject to a first and paramount lien for all sums due to the Clearing Corporation in respect of F & O Segment. Margin shall be available in preference to all other claims against the clearing member for the due fulfillment of his obligations and liabilities arising out of or incidental to any deals made subject to the Bye Laws, Rules and Regulations or anything done in pursuance thereof.

6. UTILISATION FOR FAILURE TO MEET OBLIGATIONS

In the event a clearing member fails to meet obligations to the Clearing Corporation arising out of clearing and settlement operations of such deals on F & O Segment as provided in the Bye Laws and Regulations, the relevant authority shall be entitled to utilise any amount paid by the said clearing member in the form of margin or any other payment retained by the Clearing Corporation for the purpose of clearing and settlement on the F & O Segment.

7. EVASION OF MARGIN REQUIREMENTS FORBIDDEN

A clearing member shall not directly or indirectly enter into any arrangement or adopt any procedure for the purpose of evading or assisting in the evasion of the margin requirements specified under the Bye Laws and Regulations.

8. ACTION IN CASE OF FAILURE TO PAY MARGIN

If a clearing member fails to pay margin as required in the Bye Laws and Regulations, the relevant authority may take such action as it may deem fit and specify from time to time including suspension.

9. INTEREST, DIVIDEND AND CALLS

- (1) The receiving member shall be entitled to receive all vouchers, coupons, dividends, cash bonus, bonus issues, rights and other privileges which may relate to securities bought cum voucher, cum coupons, cum dividends, cum cash bonus, cum bonus issues, cum rights etc. The delivering member shall be entitled to receive all vouchers, coupons, dividends, cash bonus, bonus issues, rights and other privileges which may relate to securities sold ex voucher, ex coupons, ex dividends, ex cash bonus, ex bonus issues, ex rights etc.
- (2) The manner, mode, information requirements, alterations, date and timing etc., of adjustment with respect to vouchers, coupons, dividends, cash bonus, bonus issues, rights and other privileges between the receiving and delivering member shall be as specified by the relevant authority from time to time. Save as otherwise provided in the Bye Laws and Regulations, the clearing members shall be responsible between themselves and to their constituents for effecting such adjustments.
- (3) In respect of a deal in securities which shall become or are exchangeable for new or other securities under a scheme of reconstruction or reorganisation, the delivering member shall deliver to the receiving member, as the relevant authority directs, either the securities contracted for or the equivalent in securities and/or cash and/or other property receivable under such scheme of reconstruction or reorganisation.

10. CLEARING FEES

The relevant authority may prescribe from time to time fees, charges and recoveries to be levied on the clearing members in respect of clearing and settlement of deals.

CHAPTER IX

RIGHTS AND LIABILITIES OF CLEARING MEMBERS AND CONSTITUENTS

1. MARGIN FROM CONSTITUENTS

A clearing member shall demand from his constituent the margin he has to provide under the Rules, Bye Laws and Regulations in respect of the business done by him for such constituent. A clearing member shall also demand and collect an initial margin in cash and securities from his constituent before undertaking to clear his obligations and to stipulate that the constituent shall pay a margin or furnish additional margin as may be specified by the F & O Segment of the Clearing Corporation from time to time. The constituent shall when from time to time called upon to do so forthwith pay margins and furnish additional margins as required under the Rules, Bye Laws and Regulations in respect of his obligations and as agreed upon by him with the clearing member concerned.

[ALL DEALS SUBJECT TO BYE LAWS, RULES AND REGULATIONS]

- (1A) All deals done on the Clearing Corporation made by a clearing member in F&O Segment

shall in all cases be deemed made subject to the Bye Laws, Rules and Regulations of the F&O Segment of the Clearing Corporation. This shall be a part of the terms and conditions of all such contracts and shall be subject to the exercise by the relevant authority of the powers with respect thereto vested in it by the Bye Laws, Rules and Regulations of the F&O Segment of the Clearing Corporation.]¹⁹

2. CONSTITUENT IN DEFAULT

- (1) A clearing member shall not transact business directly or indirectly for a constituent who to his knowledge is in default to another clearing member unless such constituent shall have made a satisfactory arrangement with the clearing member who is his creditor.
- (2) On the application of a creditor clearing member who refers or has referred to arbitration his claim against the defaulting constituent as provided in the Rules, Bye Laws and Regulations, the relevant authority shall issue orders against any clearing members restraining them from paying or delivering to the defaulting constituent any monies or securities up to an amount or value not exceeding the creditor member's claim payable or deliverable by him to the defaulting constituent in respect of deals subject to the Bye Laws, Rules and Regulations, which moneys and securities shall be deposited with the F & O Segment. The moneys and securities deposited shall be disposed of in terms of the award in arbitration and pending a decree shall be deposited with the concerned Court when filing the award unless the creditor clearing member and the defaulting constituent mutually agree otherwise.

3. CLOSING-OUT OF CONSTITUENT'S ACCOUNT

Unless otherwise specified by the relevant authority from time to time, when closing-out the account of a constituent a clearing member may assume or take over such deals to his own account as a principal at prices which are fair and justified by the condition of the market or he may close-out in the open market and any expense incurred or any loss arising therefrom shall be borne by the constituent.

4. CLEARING MEMBER NOT LIABLE TO ATTEND TO REGISTRATION OF TRANSFER

Unless otherwise specified by the relevant authority from time to time, a clearing member shall not be deemed to be under any obligation to attend to the transfer of securities and the registration thereof in the name of the constituent. If it attends to such work in the ordinary course or at the request or desire or by the consent of the constituent it shall be deemed to be the agent of the constituent in the matter and shall not be responsible for loss in transit or for the company's refusal to transfer not be under any other liability or obligation other than that specifically imposed by the Rules, Bye Laws and Regulations. The stamp duty, the transfer fees and other charges payable to the company, the fee for attending to the registration of securities and all incidental expenses such as postage incurred by the clearing member shall be borne by the constituent.

5. REGISTRATION OF SECURITIES WHEN IN THE NAME OF CLEARING MEMBER OR NOMINEE

- (1) When the time available to the constituents of a clearing member is not sufficient for them to complete transfers and lodge the securities for registration before the closing of the transfer books and where the security is purchased cum-interest, dividend, bonus or rights which the company may have announced or declared, the clearing member may register the securities in its or its nominee's name and recover the transfer fee, stamp duty and other charges from the buying constituent.
- (2) The clearing member shall give immediate intimation to the F & O Segment the names of such constituents and details of the deals as may be specified by the relevant authority from time to time. The clearing member shall also give immediate intimation thereof to the buying constituent and shall stand indemnified for the consequences of any delay in delivery caused by such action.

¹⁹ Inserted w.e.f. January 28, 2014.

- (3) The clearing member shall be obliged to re-transfer the security in the name of the original constituent as soon as it has become ex-interest, dividend, bonus or rights.

6. CLOSING-OUT BY CONSTITUENT ON FAILURE TO PERFORM A DEAL

If a clearing member fails to complete the performance of a deal by delivery or payment in accordance with provisions of the Rules, Bye Laws and Regulations, the constituent shall, after giving notice in writing to the clearing member, close out such deal through any other clearing member as soon as possible and any loss or damages sustained as a result of such closing out shall be immediately payable by the defaulting clearing member to the constituent. If the closing out be not effected as provided herein, the loss and damages between the parties shall be determined on such basis as may be specified by the relevant authority from time to time and the constituent and the clearing member shall forfeit all further rights of recourse against each other.

7. COMPLAINT BY CONSTITUENT

When a complaint has been lodged by a constituent with the relevant authority that any clearing member has failed to perform his dealings, the relevant authority shall investigate the complaint and if it is satisfied that the complaint is justified it may take such disciplinary action as it deems fit in accordance with the provisions contained in Chapter V of the Rules of the Futures & Options Segment of the Clearing Corporation.

8. RELATIONSHIP BETWEEN CLEARING MEMBER AND CONSTITUENT

Without prejudice to any other law for the time being in force and subject to these Bye Laws, the mutual rights and obligations inter se between the clearing members and their constituents shall as may be specified by the relevant authority from time to time.

CHAPTER X

ARBITRATION

- I. All claims, disputes, differences, arising between Clearing Members and Constituents or between Clearing Members inter se arising out of or related to deals admitted for clearing and settlement by the Clearing Corporation in respect of F & O Segment or with reference to anything done in respect thereto or in pursuance of such deals shall be at the option of concerned parties shall be referred to and decided by arbitration as provided in the Rules, Byelaws and Regulations of the MCX Stock Exchange Limited if the deal originated from it or in pursuance thereof.
- II. All claims, disputes, differences, arising between Clearing Members and Constituents or between Clearing Members inter se arising out of or related to deals admitted for clearing and settlement by the Clearing Corporation in respect of F & O Segment or with reference to anything done in respect thereto or in pursuance of such deals shall be referred to and decided by Arbitration as provided in the Rules, Byelaws and Regulations if the deal originated from any Exchange other than the MCX Stock Exchange Limited or in pursuance thereof. The provisions of these Byelaws providing for such Arbitration are as hereunder:

1. Definitions

- (a) 'arbitrator' shall mean a sole arbitrator or a panel of arbitrators.
- (b) 'Act' shall mean the Arbitration and Conciliation Act, 1996 and includes any statutory modification, replacement or re-enactment thereof, for the time being in force.

2. Reference to Arbitration

All claims, differences or disputes between the Clearing Members inter se and between Clearing Members and Constituents arising out of or in relation to dealings, contracts and transactions admitted for clearing and settlement on the Clearing Corporation subject to the Bye-Laws, Rules and Regulations or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction,

interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto shall be submitted to arbitration in accordance with the provisions of these Byelaws and Regulations.

3. Provisions of these Bye laws and Regulations deemed to form part of all dealings, contracts and transactions

In all dealings, contracts and transactions, which are admitted for clearing and settlement on the Clearing Corporation subject to the Byelaws, Rules and Regulations, the provisions relating to arbitration as provided in these Byelaws and Regulations shall form and shall be deemed to form part of the dealings, contracts and transactions and the parties shall be deemed to have entered into an arbitration agreement in writing by which all claims, differences or disputes of the nature referred to in Byelaw (II) above shall be submitted to arbitration as per the provisions of these Byelaws and Regulations.

4. Limitation period for reference of claims, differences or disputes for arbitration

All claims, differences or disputes referred to in Bye law II above shall be submitted to arbitration within the period prescribed under the Limitation Act, 1963.

5. Power of the relevant authority to prescribe Regulations

(a) The relevant authority may, from time to time prescribe Regulations for the following:

- (i) the procedure to be followed by the parties in arbitral proceedings. In particular, and without prejudice to the generality of the foregoing power, such procedure may, inter alia, provide for the following:
 - a. the forms to be used;
 - b. the fees to be paid
 - c. the mode, manner and time period for submission of all pleadings by both the parties;
 - d. matters relating to requests from the parties for amending or supplementing the pleadings; and
 - e. the consequences upon failure to submit such pleadings by the parties.
- (ii) the procedure to be followed by the arbitrator in conducting the arbitral proceedings. In particular, and without prejudice to the generality of the foregoing power, such procedure may, inter alia, provide for:
 - a. adjournment of hearings; and
 - b. terms and conditions subject to which the arbitrator may appoint experts to report on specific issues and the procedure to be followed in arbitral proceedings upon such an appointment.
 - c. passing interim orders / directions if deemed fit.
- (iii) Different set of arbitration procedures for different claims, differences or disputes after taking into consideration such circumstances and facts as the relevant authority may deem fit which circumstances and facts may include the value of the subject matter and the persons who are involved as parties to such claims, differences or disputes.
- (iv) creation of seats of arbitration for different regions or prescribing geographical locations for conducting arbitrations and prescribing the courts which shall have jurisdiction for the purpose of the Act.
- (v) The claims, differences or disputes which may be referred to a sole arbitrator and the claims, differences or disputes which may be referred to a panel of arbitrators.
- (vi) The procedure for selection of persons eligible

- to act as arbitrators.
- (vii) The procedure for appointment of arbitrator.
 - (viii) The terms, conditions and qualifications subject to which any arbitrator may be appointed;
 - (ix) Determination of the number of arbitrators in the case of a panel of arbitrators.
 - (x) The time period within which a substitute arbitrator has to be appointed in case the office of the arbitrator falls vacant for any reason whatsoever.
 - (xi) The matters to be disclosed by any person who is approached in connection with his possible appointment as an arbitrator.
 - (xii) The procedure to be adopted by the parties for challenging the appointment of an arbitrator.
 - (xiii) (a) The claims, differences or disputes which, may be decided by the arbitrator without a hearing unless either party in writing requests the relevant authority for a hearing and the time period within which such a request shall be made. (b) The claims, differences or disputes which, may be decided by the arbitrator only by hearing the parties unless both the parties jointly waive the right to such hearing and the time period within which such a waiver shall be made.
 - (xiv) The place of arbitration for each reference and the places where the arbitrator can meet for consultation, for hearing witnesses, experts, or the parties, or for inspection of documents, goods or other property.
 - (xv) The making of the arbitral award including the manner in which a decision is to be taken in the case of panel of arbitrators and the form and contents of the arbitral award.
The term arbitral award shall also include an arbitral award on agreed terms. Prescriptions as to the contents of the arbitral award may include provisions for costs and where the arbitral award is for the payment of money, may include interest payable on principal sum due.
 - (xvi) The amount of deposit or supplementary deposit, as the case may be, as an advance for the costs which it expects will be incurred in respect of the claim, difference or dispute; provided where a counter claim is submitted to the arbitrator, a separate amount of deposit for the counter-claim may also be specified.
 - (xvii) The administrative assistance which the F & O Segment may render in order to facilitate the conduct of arbitral proceedings.
 - (xviii) All matters regarding the mode and the manner of service of notices and communications by the parties including communication addressed to arbitrator.
 - (xix) Any other matter which in the opinion of the relevant authority is required to be dealt with in the Regulations to facilitate arbitration.
 - (b) The relevant authority from time to time may amend, modify, alter, repeal, or add to the provisions of the Regulations.

6. **Disclosure by persons to be appointed as arbitrators**

Every person who is approached in connection with his possible appointment as an arbitrator shall disclose to the relevant authority in writing any circumstances likely to give rise to justifiable doubts as to his independence and impartiality. If the person discloses any circumstances which in the opinion of the relevant authority are likely to give rise to justifiable doubts as to his independence and impartiality, then he shall not be appointed as an arbitrator.

7. **Disclosure by persons appointed as arbitrators**

An arbitrator, from the time of his appointment and throughout the arbitral proceedings, shall, without delay, disclose to the relevant authority in writing any circumstances referred to in Byelaw II (6) above which have come to his knowledge after his appointment as an arbitrator.

8. **Termination of mandate of the arbitrator**

The mandate of the arbitrator shall terminate if

- a. the arbitrator withdraws from office for any reason; or
- b. in the opinion of the relevant authority, the arbitrator becomes de jure or de facto

unable to perform his functions or for other reasons fails to act without undue delay including failure to make the arbitral award within the time period specified by the relevant authority. Such a decision of the relevant authority shall be final and binding on the parties; or

- c. the mandate of the arbitrator is terminated by the relevant authority upon receipt of written request for the termination of the mandate of the arbitrator from both the parties to arbitration; or
- d. the arbitrator discloses any circumstances referred to in Byelaws (6) and (7) which in the opinion of the relevant authority are likely to give rise to justifiable doubts as to his independence and impartiality; or
- e. the arbitral proceedings are terminated as provided for herein.

9. Supplying of vacancy to the office of the arbitrator

At any time before the making of the arbitral award should the office of the arbitrator fall vacant for any reason whatsoever including any vacancy due to the illness or death of the arbitrator or termination of the mandate of the arbitrator by the relevant authority or otherwise, the vacancy shall be supplied by the relevant authority by following the same procedure as specified by it for appointment of the arbitrator.

10. Consideration of recorded proceedings and evidence

Unless otherwise agreed by parties, any arbitrator who has been appointed by the relevant authority to supply a vacancy to the office of the arbitrator, may repeat any hearings previously held.

11. Order or ruling of previous arbitrator not invalid

An order or ruling of the arbitrator made prior to the termination of his mandate shall not be invalid solely because his mandate has been terminated; provided that when the termination has been effected pursuant to Byelaw (8)(d), the order or ruling of the arbitrator made prior to termination of his mandate shall become invalid unless otherwise agreed upon by the parties.

12. Interim arbitral award and interim measures ordered by the arbitrator

The arbitrator may be empowered to make an interim arbitral award as well as to provide interim measures of protection. An arbitrator may require a party to provide appropriate security in connection with an interim measure.

13. Appearance in arbitral proceedings by counsel, attorney or advocate

In arbitral proceedings where both the parties are Clearing Members, the parties shall not be permitted to appear by counsel, attorney or advocate but where one of the parties is a Constituent, then the Constituent shall be permitted to appear by counsel, attorney or advocate. If the Constituent chooses to appear by counsel, attorney or advocate, then the Clearing Member shall be granted a similar privilege.

14. Expeditious disposal of arbitration cases

a. Time for appointment of Arbitrator

Where an arbitration application is made, the appointment of arbitrator or panel of arbitrators, shall be completed within thirty days of receipt of the application.

b. Adjournment

Adjournment, if any, shall be granted by the arbitrator only in exceptional cases, for bonafide reasons to be recorded in writing.

c. Time for Completion of Arbitration

The arbitrator(s) shall conclude the arbitration reference within four months from the date of their appointment, by issuance of an arbitral award.

d. Request for extension

The time for making an arbitral award may be extended for a total period not exceeding two months by Relevant Authority on an application by either party or the arbitrator(s), for sufficient cause to be recorded in writing.

15. Implementation of Arbitral Award:

Notwithstanding anything contained in the Bye-laws, in cases where the arbitral award or appellate arbitral award is passed against the Clearing Member and in favour of a Constituent, the Clearing Corporation shall debit from the deposits or other monies of the Clearing Member lying with the Clearing Corporation, the amount of award payable to the awardee together with interest payable, if any, till the date of debit after setting off the counter claim of the Clearing Member and /or its Constituent allowed under the award, if any, and keep aside the said amount in a separate account to be dealt with in such manner as mentioned in Bye-laws II (16)(b) and II (20) of of this Chapter.

Provided however, where the award is for the delivery of securities, the Clearing Corporation may consider the closing price of such securities on the Stock Exchange as on the date of the award or such other date the Relevant Authority may specify to be reasonable, stating reasons for arriving at the value of such securities and award amount.

16. Payment of Debited Amount

- a. Arbitral Award:- Where the Clearing Member chose not to prefer an appeal under Bye-law II (22) within the time permissible there under, the amount debited under Bye-law II (15) shall be paid, together with the interest earned thereon, to the awardee.
- b. Appellate Arbitral Award:- Where an appeal is preferred by the Clearing Member under Bye-law II (22) and the appellate arbitral tribunal makes an appellate arbitral award against the Clearing Member the Clearing Corporation shall pay the awarded amount to the awardee from the amount debited under Bye-law II (15):-
 - (i) where no application is made by the Clearing Member under Section 34 of the Arbitration and Conciliation Act, 1996 to challenge such arbitral award within the limitation period for making such application, upon expiry of such limitation period;
 - (ii) where such an application is made by the Clearing Member, and no stay is granted by the court within three months from the date of receipt of appellate arbitral award by him, upon completion of such three months;
 - (iii) in any other case, upon dismissal of the application by the court.

17. Reversal of Debit in Certain Cases

Where the arbitral award or the appellate arbitral award against the Clearing Member has been set aside or has been modified by reduction of awarded amount, and such setting aside or modification has attained finality, the Clearing Corporation may reverse the debit, in full or in part, as the case may be, and pay the reduced amount, if any, to the awardee."

18. Arbitration proceedings subject to the provisions of the Act

The arbitration proceedings as provided for by the provisions of these Byelaws and Regulations shall be subject to the provisions of the Act to the extent not provided for in these Byelaws or the Regulations.

19. Construction of references

For the purposes of section 2(6) of the Act, in all claims, differences or disputes which are required to be submitted to arbitration as per the provisions of these Byelaws and the Regulations, wherever Part A of the Act leaves the parties free to determine a certain issue, the parties shall be deemed to have authorised the relevant authority to determine that issue.

20. Administrative assistance

For the purpose of section 6 of the Act, in all claims, differences or disputes which are required to be submitted to arbitration as per the provisions of these Byelaws and Regulations, the parties shall be deemed to have arranged for administrative assistance of the relevant authority in order to facilitate the conduct of the arbitral proceedings.

21. Jurisdiction

In matters where the Clearing Corporation is a party to the dispute, the Civil Courts at Mumbai shall have exclusive jurisdiction and in all other matters, proper courts within the area covered under the respective Regional Arbitration Centre shall have jurisdiction in respect of the arbitration proceedings falling / conducted in that Regional Arbitration Centre.

22. Appellate Arbitration

Any party aggrieved by an arbitral award made under these Bye-laws shall have a right of appeal, in terms of the following:-

- a. A party aggrieved by an arbitral award may appeal against such award to the appellate panel of arbitrators to be constituted by the Clearing Corporation within one month from the date of receipt of arbitral award.
- b. The Relevant Authority shall thereupon constitute an appellate panel consisting of three arbitrators who shall be different from the ones who passed the arbitral award appealed against.
- c. Such constitution of appellate panel of arbitrators shall be completed by Relevant Authority within thirty days from the date of receipt of the appeal.
- d. The appeal shall be disposed of within three months from the date of appointment of appellate panel of arbitrators, through issuance of an appellate arbitral award.
- e. The time for making an appellate arbitral award may be extended for a total period not exceeding two months by the Relevant Authority on an application by either party or the appellate panel of arbitrators, for sufficient cause to be recorded in writing.
- f. A party aggrieved by the appellate arbitral award may file an application to the Court of competent jurisdiction to challenge the appellate award in accordance with Section 34 of the Arbitration and Conciliation Act, 1996.
- g. Except where specific provision is made in this Bye-law, the provisions of Bye-laws II (4) to II (21) and the Regulations shall, so far as may be, apply to appellate arbitrators, appellate arbitration proceedings and appellate arbitral award.

III.

The provisions of Byelaws (I) & (II) shall become applicable to all claims, differences, disputes between the parties mentioned therein for all dealings, contracts and transactions admitted for clearing and settlement on the Clearing Corporation in respect of F & O Segment and made subject to the byelaws, rules and regulations provided such dealings, contracts and transactions had been entered into between the parties mentioned therein prior to or to the date on which the Clearing Member was either declared a defaulter or expelled or has surrendered his trading membership.

CHAPTER XI

DEFAULT

1. DECLARATION OF DEFAULT

A clearing member may be declared a defaulter by direction/circular/notification of the relevant authority of the segment if:

- (1) he is unable to fulfill his clearing, settlement or obligations; or
- (2) he admits or discloses his inability to fulfill or discharge his duties, obligations and liabilities; or
- (3) he fails or is unable to pay within the specified time the damages and the money difference due on a closing-out effected against him under the Rules, Bye Laws and Regulations; or
- (4) he fails to pay any sum due to the Clearing Corporation as the relevant authority may from time to time prescribe; or
- (5) if he fails to pay or deliver all moneys, securities and other assets due to a clearing member who has been declared a defaulter within such time of declaration of default of such clearing member in such manner and to such person as the

- relevant authority may direct; or
- (6) if he fails to abide by the arbitration award as laid down under the Rules, Bye Laws and Regulations; or
 - (7) if he, being an individual and/ or Partnership firm, has been adjudicated as an insolvent or it, being a Company incorporated under the Companies Act, has been ordered to be wound up by a court of law in the petition filed by any of his creditors, as the case may be, he/ it shall ipso facto be declared a defaulter though he/ it may not have at the same time defaulted on any of his/ its obligations on the Clearing Corporation.
 - (8) if he, being an individual and/ or Partnership firm / it, being a Company incorporated under the Companies Act, files a petition before a Court of law for adjudication of himself as an insolvent or for its winding up, as the case may be, he/ it shall ipso facto be declared a defaulter though he/ it may not have at the same time defaulted on any of his/ its obligations on the Clearing Corporation, or
 - (9) under any other circumstances as may be decided by the relevant authority from time to time.
- [2. If he, being an individual and/ or Partnership firm, has been adjudicated as an insolvent or it, being a Company incorporated under the Companies Act, has been ordered to be wound up by a court of law in the petition filed by any of his creditors, as the case may be, he/ it shall ipso facto be declared a defaulter though he/ it may not have at the same time defaulted on any of his/ its obligations on the Clearing Corporation.]²⁰
3. Where the Clearing Member is declared defaulter on any segment, he shall also be immediately stand declared as a defaulter on all other segments of the Clearing Corporation in which he may hold membership.
- [4. If he, being an individual and/ or Partnership firm, / it, being a Company incorporated under the Companies Act, files a petition before a Court of law for adjudication of himself as an insolvent or for its winding up, as the case may be, he/ it shall ipso facto be declared a defaulter though he/ it may not have at the same time defaulted on y of his/ its obligations on the Clearing Corporation.]²¹
- [4A. Without prejudice to the foregoing provisions contained in Byelaw (1) of this chapter, where a clearing member, who is also a member/ trading member of any of the recognised Stock Exchanges or a clearing member of any clearing corporation, is declared a defaulter by such Stock Exchange or clearing corporation, the said clearing member shall ipso facto stand declared a defaulter by the Relevant Authority across all the Clearing Segments.]²²
5. On a Clearing Member being declared defaulter, the Relevant Authority may take appropriate action against the Associates of such defaulter member.

²⁰ Substituted w.e.f. January 28, 2014 prior to substitution to substitution Chapter XI Bye-law 2 read as under: "Without prejudice to the foregoing, if a Clearing Member, who is also a member/trading member of any other recognized stock exchange or clearing corporation, is expelled by such stock exchange or clearing corporation on which he is a trading member or clearing member or if the registration certificate is cancelled by SEBI, the said Clearing Member may be expelled by the Relevant Authority after providing an opportunity of being heard. Notwithstanding anything contained in this Byelaw and or in the Rules of the Clearing Corporation, the Clearing Member shall ipso facto stand declared a defaulter by the Relevant Authority."

²¹ Substituted w.e.f. January 28, 2014 prior to substitution to substitution Chapter XI Bye-law 4 read as under:

A Clearing Member shall immediately be liable to be declared defaulter on all clearing segments of the Clearing Corporation, if he was declared defaulter on any trading segment or clearing segment of any other recognised stock exchange or clearing corporation, immediately on receipt of information from that stock exchange or clearing corporation.

²² Inserted w.e.f. January 28, 2014.

6. For the purpose of Bye-law 5, the term "Associate" shall include a person
- (1) who, directly or indirectly, by itself, or in combination with other persons, exercises control over the Clearing Member, whether individual, body corporate or firm or holds substantial share of not less than 15% in the capital of such member; or
 - (2) in respect of whom the member, individual or body corporate or firm, directly or indirectly, by itself or in combination with other persons, exercises control; or
 - (3) whose director or partner is also a director or partner of the member, body corporate or the firm, as the case may be.

Explanation: The expression "control" shall have the same meaning as defined in clause (c) of sub-regulation (1) of regulation 2 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

7. Notwithstanding anything contained in the Byelaws and Rules of Clearing Corporation, if a clearing member is an Associate of a member/ trading member declared a defaulter by any recognised stock exchange, the said clearing member shall render itself liable to be declared a defaulter by the Relevant Authority.

Explanation: The expression "Associate" for the purpose of the above Byelaw shall have the meaning as may be defined by SEBI from time to time.

8. **CLEARING MEMBER'S DUTY TO INFORM**

A clearing member shall be bound to notify the Clearing Corporation immediately if there be a failure by any other clearing member to discharge his liabilities in full.

9. **COMPROMISE FORBIDDEN**

A clearing member shall not accept from any clearing member anything less than a full and bona fide money payment in settlement of a debt arising out of a deal cleared through the F & O Segment.

10. **NOTICE OF DECLARATION OF DEFAULT**

On a clearing member being declared a defaulter, a notice shall be forthwith issued to all the clearing members of the Clearing Corporation.

11. **NOTICE TO THE STOCK EXCHANGE**

On a clearing member being declared a defaulter, a notice shall be forthwith issued to the Exchange if the clearing member is also a trading member of that Exchange.

12. **DEFAULTER'S BOOKS AND DOCUMENTS**

When a clearing member has been declared a defaulter, the relevant authority shall take charge of all his books of accounts, documents, papers and vouchers to ascertain the state of his affairs and the defaulter shall hand over such books, documents, papers and vouchers to the relevant authority.

13. **LIST OF DEBTORS AND CREDITORS**

The defaulter shall file with the relevant authority within such time of the declaration of his default as the relevant authority may direct, a written statement containing the complete list of his debtors and creditors and the sum owing by and to each.

14. **DEFAULTER TO GIVE INFORMATION**

The defaulter shall submit to the relevant authority such statement of accounts, information and particulars of his affairs as the relevant authority may from time to time require and if so desired shall appear before the relevant authority at its meetings held in connection with his default.

15. **INQUIRY**

The relevant authority may conduct a strict inquiry into the accounts and dealings of the defaulter in the market and shall report anything improper, unbusiness like or unbecoming a clearing member in connection therewith which may come to its knowledge.

16. DEFAULTER'S ASSETS

The Relevant Authority shall call in and realise the security deposits in any form, margin money, other amounts lying to the credit of and securities deposited by the defaulter and recover all moneys, securities and other assets due, payable or deliverable to the defaulter by any other Clearing Member in respect of any deal or dealing made subject to the Bye-laws, Rules and Regulations of the Clearing Corporation and such assets shall vest ipso facto, on declaration of any Clearing Member as a defaulter, in the Clearing Corporation for the benefit of and on account of the Clearing Corporation, MCX Stock Exchange Limited, Securities and Exchange Board of India, Constituents of the defaulter, approved banks and any other persons as may be approved by the Relevant Authority and other recognised stock exchanges/ clearing corporation.

17. PAYMENT TO RELEVANT AUTHORITY

- (1) All monies, securities and other assets due, payable or deliverable to the defaulter must be paid or delivered to the relevant authority within such time of the declaration of default as the relevant authority may direct. A clearing member violating this provision may be declared a defaulter.
- (2) A clearing member who shall have received a difference on account or shall have received any consideration in any deal prior to the date fixed for settling such account or deal shall, in the event of the clearing member from whom he received such difference or consideration being declared a defaulter, refund the same to the relevant authority for the benefit and on account of the creditor members. Any clearing member who shall have paid or given such difference or consideration to any other clearing member prior to such settlement day shall again pay or give the same to the relevant authority for the benefit and on account of the creditor member in the event of the default of such other member.
- (3) A clearing member who receives from another clearing member during any clearing a claim note or credit note representing a sum other than difference due to him or due to his constituent which amount is to be received by him on behalf and for the account of that constituent shall refund such sum if such other clearing member be declared a defaulter within such number of days as specified by the relevant authority after the settling day. Such refunds shall be made to the relevant authority for the benefit and on account of the creditor members and it shall be applied in liquidation of the claims of such creditor members whose claims are admitted in accordance with the Rules, Bye Laws and Regulations.

18. DISTRIBUTION

The relevant authority shall at the risk and cost of the creditor members pay all assets received in the course of realisation into such bank and/or keep them with the F & O Segment in such names as the relevant authority may from time to time direct and shall distribute the same in accordance with the Rules, Bye Laws and Regulations.

19. CLOSING -OUT

- (1) Clearing members having open deals with the defaulter shall close out such deals after declaration of default. Such closing out shall be in such manner as may be specified by the relevant authority from time to time. Subject to the regulations in this regard specified by the relevant authority, when in the opinion of the relevant authority, circumstances so warrant, such closing out shall be deemed to have taken place in such manner as may be determined by the relevant authority.
- (2) Differences arising from the above adjustments of closing out shall be claimed from the defaulter or paid to the relevant authority for the benefit of creditor clearing members of the defaulter.

20. CLAIMS AGAINST DEFAULTER

Within such time of the declaration of default as the relevant authority may direct every clearing member carrying on business on the F & O Segment shall, as it may be required to do, either compare with the relevant authority his accounts with the defaulter duly adjusted and made up as provided in the Rules, Bye-Laws and Regulations or furnish a statement of such accounts with the defaulter in such form or forms as the relevant authority may prescribe or render a certificate that he has no such account.

21. DELAY IN COMPARISON OR SUBMISSION OF ACCOUNTS

Any clearing members failing to compare his accounts or send a statement or certificate relating to a defaulter within the time specified shall be called upon to compare his accounts or send such statement or certificate within such further time as may be specified.

22. PENALTY FOR FAILURE TO COMPARE OR SUBMIT ACCOUNTS

The relevant authority may take such action as it may deem fit including levying of fine and suspension on any clearing member who fails to compare his accounts or submit a statement of its account with the defaulter or a certificate that he has no such account within the specified time.

23. ACTION FOR MAKING MISLEADING STATEMENT

The relevant authority may take such action as it may deem fit including levying of fine and suspension, if it is satisfied that any comparison statement or certificate relating to a defaulter sent by such clearing member was false or misleading.

24. ACCOUNTS OF RELEVANT AUTHORITY

The relevant authority shall keep a separate account in respect of all monies, securities and other assets payable to a defaulter which are received by it and shall defray therefrom from all costs, charges and expenses incurred in or about the collection of such assets or in or about any proceedings it takes in connection with the default.

[24A. REPORT

The relevant authority shall every six months present a report to the relevant authority relating to the affairs of a defaulter and shall show the assets realised, the liabilities discharged and dividends given.

24B. INSPECTION OF ACCOUNTS

All accounts kept by the relevant authority in accordance with these Bye Laws, Rules and Regulations shall be open to inspection by any creditor clearing member.

24C. SCALE OF CHARGES

The charges to be paid to the Clearing Corporation on the assets collected shall be such sum as the relevant authority may from time to time prescribe.]²³

25. APPLICATION OF ASSETS

The Relevant Authority shall apply the net assets remaining in its hands after defraying all such costs, charges and expenses as are allowed under the Rules, Byelaws and Regulations to be incurred by the Clearing Corporation, in satisfying the claims in the order of priority provided hereunder :-

- (a) Dues to the Clearing Corporation, MCX Stock Exchange Limited, Securities and Exchange Board of India The payment of such subscriptions, debts, fines, fees, charges and other money/ies due to Clearing Corporation, MCX Stock Exchange Limited and Securities and Exchange Board of India on a prorata basis,
- (b) Dues to Constituents of the defaulter The payments as may be admitted by the Relevant Authority, as being due to Constituents of the defaulter for debts, liabilities, obligations and claims arising out of any contracts made by the defaulter subject to the Rules, Bye- laws and Regulations of the Clearing Corporation, provided that if the amount is insufficient then the amounts shall be distributed prorata amongst all the Constituents of the defaulter,
- (c) Dues to the Approved Banks and claims of any other persons as approved by the relevant authority.

After making payments under (b) above, the amounts remaining, if any, shall be utilised to meet the claims of the approved banks and of any other person as may be admitted by the Relevant Authority. The claims of the approved banks should have arisen by virtue of Clearing Corporation or MCX Stock Exchange

²³ Inserted w.e.f. January 28, 2014.

Limited invoking any bank guarantee issued by the bank concerned to the Clearing Corporation or MCX Stock Exchange Limited as the case may be on behalf of the defaulter to fulfill his obligation of submitting bank guarantee, guaranteeing discharge of obligations under the Byelaws, Rules and Regulations of Clearing Corporation / MCX-SX. The claims of other persons should have arisen out of or incidental to the clearing and settlement of a deal on the Clearing Corporation or requirements laid down by the Clearing Corporation, provided that if the amount available be insufficient to pay all such claims in full, they shall be paid pro-rata,

- (d) Dues to any other recognised stock exchange/clearing corporation After meeting the claims under (c) above, the remaining amounts, if any, shall be disbursed to any other recognised stock exchange / clearing corporation for the purpose of meeting the obligations of the defaulter as a member of that exchange /clearing corporation. If the defaulter is a member of more than one recognised stock exchange/clearing corporation, then the remaining amounts shall be distributed amongst all such recognised stock exchanges / clearing corporations and if the remaining amount is insufficient to meet the claims of all such stock exchanges/clearing corporations, then the remaining amount shall be distributed pro rata among all such stock exchanges/clearing corporations; and (Surplus)

The surplus amounts, if any, remaining after meeting all the above claims, shall be paid to the Clearing Member and in case where the Clearing Member has expired, the surplus amount shall be paid to his legal heirs / legal representatives.

26. CERTAIN CLAIMS NOT TO BE ENTERTAINED

The relevant authority shall not entertain any claim against a defaulter:

- (1) which arises out of a contract in securities, dealings in which are not permitted or which are not made subject to Bye Laws, Rules and Regulations or in which the claimant has either not paid himself or colluded with the defaulter in evasion of margin payable on bargains in any security ;
- (2) which arises out of a contract in respect of which comparison of accounts has not been made in the manner specified in the Rules, Bye Laws and Regulations or when there has been no comparison if a contract note in respect of such deals has not been rendered as provided in the Rules, Bye Laws and Regulations;
- (3) which arises from any arrangement for settlement of claims in lieu of bonafide money payment in full on the day when such claims become due;
- (4) which is in respect of a loan with or without security ;
- (5) which is not filed with the relevant authority within such time of date of declaration of default as may be specified by the relevant authority.

[26A. CLAIMS OF RELEVANT AUTHORITY

A claim of a defaulter whose estate is represented by the relevant authority against another defaulter shall not have any priority over the claims of other creditor clearing members but shall rank with other claims.]²⁴

27. ASSIGNMENT OF CLAIMS ON DEFAULTERS' ESTATE

A Clearing member being a creditor of a defaulter shall not sell, assign or pledge the claim on the estate of such defaulter without the consent of the relevant authority.

28. PROCEEDINGS IN THE NAME OF OR AGAINST THE DEFAULTER

The Relevant Authority shall be empowered to (a) initiate any proceedings in a court of law either in the name of the Clearing Corporation or in the name of the defaulter against any person for the purpose of recovering any amounts due to the defaulter; (b) initiate any proceedings in a court of law either in the name of Clearing Corporation or in the name of the creditors (who have become creditors of the defaulter as a result of deals cleared and settled subject to Byelaws, Rules and Regulations of the Clearing Corporation) of the defaulter against the defaulter for the purpose of recovering any

²⁴ Inserted w.e.f. January 28, 2014.

amounts due from the defaulter. The defaulter as well as the creditors of the defaulter shall be deemed to have appointed the Clearing Corporation as their constituted attorney for the purpose of taking such proceedings.

29. PAYMENT OF RELEVANT AUTHORITY

If any clearing member takes any proceedings in a court of law against a defaulter whether during the period of its default or subsequent to its re-admission to enforce any claim against the defaulter's estate arising out of any admitted deals in the market made subject to the Bye Laws, Rules and Regulations before it was declared a defaulter and obtains a decree and recovers any sum of money thereon, it shall pay such amount or any portion thereof as may be fixed by the relevant authority for the benefit and on account of the creditor members having claims against such defaulter.

CHAPTER XII

SETTLEMENT GUARANTEE FUND

1. CLEARING CORPORATION TO MAINTAIN SETTLEMENT GUARANTEE FUND

- (1) The Clearing Corporation shall maintain Settlement Guarantee Fund(s) in respect of different clearing sub-segment for such purposes as may be specified by the relevant authority from time to time. The Clearing Corporation may also maintain Settlement Guarantee Fund(s) in respect of different clearing sub-segment for such purpose as may be specified by the relevant authority from time to time.
- (2) The relevant authority may prescribe from time to time the norms, procedures, terms and conditions governing each Settlement Guarantee Fund which may inter-alia specify the amount of deposit or contribution to be made by each clearing member to the relevant fund, the terms, manner and mode of deposit or contributions, conditions of repayment of deposit or withdrawal of contribution from the fund, charges for utilisation, penalties and disciplinary actions for non-performance thereof.

2. CONTRIBUTION TOWARDS SETTLEMENT GUARANTEE FUND

- (1) Each clearing member shall be required to contribute to and provide a deposit as may be determined from time to time by the relevant authority to the relevant Settlement Guarantee Fund which shall be held by the F & O Segment to be applied as provided in these Bye Laws and Regulations.
- (2) The relevant authority may specify the amount of contribution or deposit to be made by each clearing member and/or category of members which may include inter alia the minimum amount to be provided by each clearing member.
- (3) The relevant authority may also specify such additional contribution or deposit that shall have to be provided towards the Settlement Guarantee Fund from time to time to form part of the Settlement Guarantee Fund.

[2(A) CONTRIBUTION BY THE STOCK EXCHANGE

- (1) The Settlement Guarantee Fund of the different segments of the clearing corporation shall be included such contribution made by the stock exchange with whom it may have clearing & settlement arrangements, in terms of the regulations made by SEBI or other applicable laws or otherwise.
- (2) The relevant authority in its discretion, may permit a Stock Exchange to contribute or provide the deposit either in the form of cash, securities, bank guarantee or by such other method and subject to such terms and conditions as may be specified from time to time.]²⁵

3. FORM OF CONTRIBUTION/DEPOSIT

The relevant authority shall prescribe from time to time the form of contribution or deposit to the Settlement Guarantee Fund. The relevant authority in its discretion, may permit a

²⁵ Inserted w.e.f. January 28, 2014.

clearing member to contribute or provide the deposit either in the form of cash, securities, bank guarantee or by such other method and subject to such terms and conditions as may be specified from time to time.

4. REPLACEMENT OF DEPOSIT

By giving a suitable notice to the F & O Segment and subject to such conditions as may be specified by the relevant authority from time to time, a clearing member may withdraw qualifying securities from pledge, or may cause the F & O Segment to revoke an acceptable letter of credit or bank guarantee, which secured the clearing member's contribution or deposit towards the Settlement Guarantee Fund, provided that the clearing member has, effective simultaneously with such withdrawal or revocation, deposited cash with, or pledged qualifying securities to the F & O Segment or through such other mode as may be approved by the F & O Segment from time to time to satisfy his required contribution or deposit.

5. ADMINISTRATION AND UTILISATION OF THE SETTLEMENT GUARANTEE FUND

- (1) The Settlement Guarantee Fund shall be utilised for such purposes as may be provided in the Bye Laws and Regulations and subject to such conditions as the relevant authority may prescribe from time to time which shall include:
 - (a) to defray the expenses of creation, maintenance and repayment of the Settlement Guarantee Fund;
 - (b) investment in such approved securities and other avenues subject to such terms and conditions as may be decided by the relevant authority from time to time;
 - (c) the application of Settlement Guarantee Fund to meet premia on insurance cover(s) which the relevant authority may take from time to time;
 - (d) the application of Settlement Guarantee Fund to meet shortfalls and deficiencies arising out of the clearing and settlement of such deals as provided in the Bye Laws and Regulations;
 - (e) the application of the Settlement Guarantee Fund to satisfy any loss or liability of the F & O Segment arising out of clearing and settlement operations of such deals as provided in these Bye Laws and Regulations;
 - (f) repayment of the balance after meeting all obligations under these Rules, Bye Laws and Regulations to the clearing member when he ceases to be a member pursuant to the provisions regarding the repayment of deposit;
 - (g) any other purpose as may be specified by the Board from time to time.
- (2) Save as otherwise expressly provided in these Bye Laws and Regulations, the Settlement Guarantee Fund shall not be utilised for any other purpose.
- (3) The F & O Segment shall have full power and authority to pledge, re-pledge, hypothecate, transfer, create a security interest in, or assign any or all of the (i) Settlement Guarantee fund cash, (ii) securities or other instruments in which Settlement Guarantee fund cash is invested and (iii) qualifying securities pledged by a clearing member or letters of credit or any other instrument issued on behalf of a clearing member in favour of the F & O Segment of the Clearing Corporation towards deposit to the Settlement Guarantee Fund.

6. UTILISATION FOR FAILURE TO MEET OBLIGATIONS

In the event a clearing member fails to meet obligations to the F & O Segment arising out of clearing and settlement operations of such deals as provided in these Bye Laws and Regulations, the relevant authority may utilise the Settlement Guarantee Fund and other monies to the extent necessary to fulfill the obligation under such terms and conditions as the relevant authority may specify from time to time.

7. UTILISATION IN CASE OF DEFAULT

In the event a clearing member is declared a defaulter and the clearing member fails to meet the clearing and settlement obligations to the F & O Segment arising out of clearing and settlement operations of such deals as provided in these Bye Laws and Regulations, the relevant authority may utilise the Settlement Guarantee Fund and other monies to the

extent necessary to eliminate the obligation in the following order

- (1) any amount that may be paid in the form of margin or any other payment of the defaulting member retained by the F & O Segment of the Clearing Corporation for the purpose of the clearing and settlement; if this amount is not sufficient to settle the obligation,
- (2) any contribution or deposit made by or bank guarantee arranged by the defaulting member to the Settlement Guarantee fund, whether in the form of cash or securities or bank guarantee; if this amount is not sufficient to settle the obligation,
- (3) the amount of security deposit, if any, made by the defaulting member to the Specified Exchange to the extent not appropriated by the Specified Exchange towards the obligations of the defaulting member to it; if this amount is not sufficient to settle the obligation,
- (4) the proceeds, if any, recovered from auctioning or transferring the membership of the defaulting member in the Specified Exchange, subject to deduction of the expenses relating or incidental to the auction; if this amount is not sufficient to settle the obligation,
- (5) the fines, penalties, penal charges, auction difference, interest on delayed payments, interest or other income, if any, earned by investment or disinvestment of Settlement Guarantee Fund or interest earned on margin monies that form part of the Settlement Guarantee Fund to the extent as may be decided by the F&O Segment; if the amount is not sufficient to settle the obligation,
- (6) the profits available for appropriation in the respective year in which the default took place; if this amount is not sufficient to settle the obligation,
- (7) the retained earnings of the Clearing Corporation including any reserves created for this purpose to the extent available; if this amount is not sufficient to settle the obligation,
- (8) the amount of contribution and deposit made by all categories of clearing members to the Settlement Guarantee Fund in proportion to the total contribution and deposit made by each clearing member.
- (9) if the above amount is not sufficient, the balance obligation remaining after application of the above funds shall be assessed against the clearing members in the same proportion as their total contribution and deposit and clearing members shall be required to contribute or deposit in the Settlement Guarantee Fund, within such time as the relevant authority shall require, the deficient amount.

8. OBLIGATION TO BRING IN ADDITIONAL CONTRIBUTION OR DEPOSIT

- (1) If a pro-rata charge is made as mentioned in the above provision against a clearing member's actual contribution or deposit, and as a consequence the clearing member's remaining contribution and deposit towards the Settlement Guarantee Fund is less than his required contribution and deposit, the clearing member shall contribute or deposit in the Settlement Guarantee Fund, within such time as the relevant authority shall require the deficient amount.
- (2) If the clearing member shall fail to do so, the relevant authority may charge such interest, impose penalties and fines and take such disciplinary action against the clearing member as it may determine from time to time. Any disciplinary action which the relevant authority takes pursuant to the above provisions or involuntary cessation of membership by the clearing member shall not affect the obligations of the clearing member to the F & O Segment or any remedy to which the F & O Segment may be entitled under applicable law.

9. ALLOCATION OF THE CONTRIBUTION OR DEPOSIT

Each clearing member's contribution and deposit towards Settlement Guarantee Fund shall be allocated by the F & O Segment of the Clearing Corporation among the various clearing sub-segments which are designated as such by the F & O Segment and in which the clearing member participates, in such proportion as it may decide from time to time. The F & O Segment of the Clearing Corporation shall retain the right to utilise the fund allocated to a particular clearing sub-segment to the satisfaction of losses or liabilities

of the F & O Segment incidental to the operation of that clearing sub-segment as may be decided by the Clearing Corporation at its discretion.

10. CESSATION OF THE CLEARING MEMBER

- (1) A clearing member shall be entitled to the repayment of deposit made by him to the Settlement Guarantee Fund after –(a) the clearing member ceases to be a member, and
 - (b) all pending deals at the time the clearing member ceases to be a clearing member which could result in a charge to the Settlement Guarantee Fund have been closed and settled, and
 - (c) all obligations to the F & O Segment for which the clearing member was responsible while he was a member have been satisfied or, at the discretion of the relevant authority, have been deducted by the F & O Segment of the Clearing Corporation from the clearing member's actual deposit; provided, however, that the clearing member has presented to the F & O Segment such indemnities or guarantees as the relevant authority deems satisfactory or another clearing member has been substituted on all deals and obligations of the clearing member, and
 - (d) a suitable amount as may be determined by the relevant authority at its discretion has been set aside for taking care of any loss arising from any document defects that may be reported in the future, and
 - (e) a suitable amount as may be determined by the relevant authority at its discretion towards such other obligations as may be perceived by the F & O Segment to exist or may be perceived to arise in future.
- (2) The relevant authority may specify rules for the repayment of deposit including the manner, amount and period within which it will be paid but at no point of time will the repayment exceed the actual deposit available to the credit of the clearing member after deducting the necessary charges from the same.
- (3) Any obligation of a clearing member to the F & O Segment unsatisfied at the time he ceases to be a clearing member shall not be affected by such cessation of membership.

11. RECOVERY OF LOSS AND RE-DISTRIBUTION

If a loss charged pro rata is afterwards recovered by the F & O Segment of the Clearing Corporation, in whole or in part, through insurance or otherwise, the net amount of the recovery shall be credited to the persons against whom the loss was charged in proportion to the amounts actually charged against them.

12. LIMITATION OF LIABILITY

The liability of the Clearing Corporation resulting from the deemed contracts of clearing members with the F & O Segment and to losses in connection therefrom be limited to the extent of contributions available to the Settlement Guarantee Fund. The F & O Segment shall not be available for obligations of a non-clearing member, obligations of a clearing member to a non-member, obligations of a clearing member to another member of the F & O Segment towards deals to which the F & O Segment of the Clearing Corporation is not a counter party or obligations to a constituent by a clearing member, and to losses in connection therefrom.

CHAPTER XIII

MISCELLANEOUS

1. Save as otherwise specifically provided in the Bye Laws and Regulations specified by the relevant authority regarding clearing and settlement arrangement, in promoting, facilitating, assisting, regulating, managing and operating the F & O Segment, the F & O Segment of the Clearing Corporation should not be deemed to have incurred any liability, and accordingly no claim or recourse in respect of or in relation to any dealing in securities or any matter connected therewith shall lie against the F & O Segment or any authorised person(s) acting for the F & O Segment of the Clearing Corporation.

2. No claim, suit, prosecution or other legal proceeding shall lie against the F & O Segment or any authorised person(s) acting for the F & O Segment in respect of anything which is in good faith done or intended to be done in pursuance of any order or other binding directive issued to the F & O Segment under any law or delegated legislation for the time being in force.

MCX-SX CLEARING CORPORATION LIMITED (FUTURES AND OPTIONS SEGMENT) RULES

ARRANGEMENT OF CHAPTERS

CHAPTER I:	DEFINITIONS
CHAPTER II:	BOARD
CHAPTER III:	EXECUTIVE COMMITTEE
CHAPTER IV:	CLEARING MEMBERSHIP
CHAPTER V:	DISCIPLINARY PROCEEDINGS, PENALTIES, SUSPENSION AND EXPULSION

CHAPTER I

DEFINITIONS

1. BOARD

"Board" means Board of Directors of MCX-SX Clearing Corporation Limited.

2. BYE LAWS

Unless the context indicates otherwise, "Bye Laws" means the Bye Laws of the Futures & Options Segment of the Clearing Corporation for the time being in force.

3. CLEARING BANK(S)

"Clearing Bank(s)" is such bank(s) as the Clearing Corporation may appoint to act as a funds settling agency, for the collection of margin money for all deals in respect of Futures & Options ("F&O") Segment cleared through the Clearing Corporation and any other funds movement between Clearing Members and the Clearing Corporation and between Clearing Members as may be directed by the Clearing Corporation from time to time.

4. CLEARING CORPORATION

"Clearing Corporation" means MCX-SX Clearing Corporation Limited.

5. CLEARING MEMBER

"Clearing Member" means a member of the Futures & Options Segment of the Clearing Corporation and includes all categories of Clearing Members as may be admitted as such by

the Clearing Corporation in the Futures & Options Segment but does not denote the shareholder of the Clearing Corporation.

6. FUTURES & OPTIONS SEGMENT

"Futures & Options Segment" or "F & O Segment" means Futures & Options Segment of the Clearing Corporation and also includes the different clearing sub-segments or divisions thereof for clearing and settlement of deals as may be classified by the relevant authority from time to time."

7. DEALS

"Deals" means, unless the context indicates otherwise, deals which are admitted to be cleared and settled through the F & O Segment of the Clearing Corporation.

8. REGULATIONS

"Regulations" means Regulations of the F & O Segment of the Clearing Corporation for the time being in force and includes business rules, code of conduct and such other procedures and regulations, circulars, directives and orders as issued by the relevant authority from time to time for the operations of the F & O Segment of the Clearing Corporation.

9. RELEVANT AUTHORITY

"Relevant Authority" means the Board, Securities and Exchange Board of India or such other authority as specified by the Board from time to time as relevant for a specified purpose.

10. SETTLEMENT GUARANTEE FUND

"Settlement Guarantee Fund" means a fund established and maintained in accordance with the relevant provisions of the Bye Laws in respect of the F & O Segment.

11. TRADING MEMBER

"Trading Member" means any person admitted as a member in any Exchange in accordance with the Rules, Bye Laws and Regulations of that Exchange.

12. INTERPRETATION

- (i) The words and phrases defined above shall carry the same meaning as defined, wherever they occur in these Rules of the F&O Segment, unless the context requires otherwise.
- (ii) Words and expressions used in these Rules, but not defined herein, shall have the meanings assigned to them under any of the following:
 - (a) Securities Contracts (Regulations) Act, 1956 and the rules and regulations made thereunder;
 - (b) Securities and Exchange Board of India Act, 1992 and the regulations made thereunder;
 - (c) Companies Act, 1956 and the rules made thereunder;
 - (d) Depositories Act, 1996 and the regulations made thereunder;
 - (e) Bye-laws, Rules and Regulations of the Specified Exchange;
 - (f) Bye-laws of the Clearing Corporation.
- (iii) If any word or expression is used but not defined herein, but is defined in more than one of the above enactments/instruments mentioned in clause (ii), it shall have the meaning given in the enactment or instrument that precedes the other(s) in the order given in the said clause.

CHAPTER II

BOARD

1. The Board is empowered to organise, maintain, control, manage, regulate and facilitate the operations of the F & O segment of the Clearing Corporation and all activities of the Clearing Members
2. The Board is empowered to make Rules, Bye Laws and Regulations from time to time, for all or any matters relating to the conduct of business of the F & O segment of the Clearing Corporation, the business and transactions of Clearing Members, between Clearing Members inter-se as well as the business and transactions between Clearing Members and persons who are not Clearing Members, and to control, define and regulate all such transactions and dealings and to do such acts and things which are necessary for the purposes of the F & O segment of the Clearing Corporation.
3. Without prejudice to the generality of the foregoing, the Board is empowered to make Regulations for all or any of the following matters:
 - (1) conduct of business of the F & O segment of the Clearing Corporation;
 - (2) appointment and dissolution of Committee or Committees for any purpose of the Clearing Corporation;
 - (3) manner of operations and interfacing with exchanges, custodians, depository and clearing bank(s);
 - (4) norms, procedures, terms and conditions for admission to membership of the F & O segment of the Clearing Corporation;
 - (5) conditions, levy for admission or subscription for admission or continuance of Clearing Membership of the F & O segment of the Clearing Corporation;
 - (6) conduct of Clearing Members with regard to the business of the Clearing Corporation;
 - (7) prescription, from time to time, of capital adequacy and other norms which shall be required to be maintained by different categories of Clearing Members;
 - (8) charges payable by Clearing Members for business transacted through the F & O segment of the Clearing Corporation as may be laid down from time to time;
 - (9) maintenance of records and books of accounts by Clearing Members as may be specified from time to time;
 - (10) investigation of the financial condition, business conduct and dealings of the Clearing Members;
 - (11) prescription from time to time, and administration of penalties, fines and other consequences, including suspension/expulsion of Clearing Members from the F & O segment of the Clearing Corporation for violation of any requirements of the Rules, Bye Laws and Regulations and the codes of conduct;
 - (12) disciplinary action/procedures against any Clearing Member;

- (13) penalties for non compliance with or contravention of the Bye Laws, Rules and Regulations or of general discipline of the F & O segment of the Clearing Corporation, including expulsion or suspension of the Clearing Members;
 - (14) declaration of any Clearing Member as a defaulter or suspension or resignation or expulsion from Clearing Membership and consequences thereof;
 - (15) such other matters in relation to the Clearing Corporation as may be specified under the provisions of the Articles of Association, Bye Laws or these Rules or as may be necessary or expedient for the organisation, maintenance, control, management, regulation and facilitation of the operations of the Clearing Corporation.
4. The Board is empowered to delegate, from time to time, to Executive Committee(s) or any other committee(s) or to the Managing Director or to any person, such of the powers vested in it and on such terms as it may think fit, to manage all or any of the affairs of the F & O segment of the Clearing Corporation and from time to time, to revoke, withdraw, alter or vary all or any of such powers.
 5. The Board may, from time to time, constitute one or more committees comprising of members of the Board or such others as the Board may in its discretion deem fit or necessary and delegate to such committees such powers as the Board may deem fit and the Board may from time to time revoke or modify such delegation.
 6. The Board shall have the authority to issue directives from time to time to the Executive Committee or any other Committees or any other person or persons to whom any powers have been delegated by the Board. Such directives issued in exercise of this power, which may be of policy nature or may include directives to dispose off a particular matter or issue, shall be binding on the concerned Committee(s) or person(s).
 7. The Board is empowered to vary, amend, repeal or add to Bye Laws and Rules framed by it with prior approval of SEBI, if any.
 8. The Board is authorised to vary, amend, repeal or add to Regulations framed by it. Such changes shall be intimated to SEBI within 24 hours.
 9. The Members of the Board and of such committees as may be identified by the Board shall adhere to the Code of Ethics as specified by SEBI and/or the Clearing Corporation.

CHAPTER III

EXECUTIVE COMMITTEE

1. CONSTITUTION

One or more Executive Committee(s) may be appointed by the Board for the purposes of managing the affairs of the different clearing sub-segment(s) of the F & O segment of the Clearing Corporation. The Board may decide on the constitution, duration and powers of the Executive Committee(s), nomination and vacation of the nominees from the Executive Committee(s) and appointment of office bearers and rules and procedures for the functioning of the Executive Committee(s).

2. POWERS OF EXECUTIVE COMMITTEE

- (1) The Board may delegate from time to time to the Executive Committee(s) such of the powers vested in it and upon such terms as it may think fit, to manage all or any of

the affairs of the F & O segment of the Clearing Corporation and from time to time, to revoke, withdraw, alter or vary all or any of such powers.

- (2) The Executive Committee(s) shall be bound and obliged to carry out and implement any directives issued by the Board from time to time and shall be bound to comply with all conditions of delegation and limitations on the powers of the Executive Committee(s) as may be specified.

CHAPTER IV

CLEARING MEMBERSHIP

1. MULTIPLE CATEGORY

The rights, privileges duties and responsibilities of a Clearing Member shall be subject to and in accordance with the Rules, Bye Laws and Regulations. The relevant authority may define and admit more than one category of Clearing Members for the same clearing sub-segment or for different clearing sub-segments and may specify different norms including eligibility, admission and cessation of membership for different sub-segments.

2. ADMISSION AND FEES

- (1) The relevant authority may specify different categories of Clearing Members and requirements regarding qualification, networth, infrastructure and other relevant norms for each such category.
- (2) The relevant authority may specify pre-requisites, conditions, formats and procedures for application for admission, termination, re-admission, etc. of Clearing Members to all or any of the clearing sub-segments of the F & O segment of the Clearing Corporation. The relevant authority may, at its absolute discretion, refuse permission to any applicant to be admitted as Clearing Member to all or any of the clearing sub-segments.
- (3) Such fees, security deposit, contribution and other money as are specified by the relevant authority would be payable on or before admission as Clearing Member and for continued appointment thereof.

3. ELIGIBILITY

- (1) The following persons shall be eligible to become Clearing Members of the F & O segment of the Clearing Corporation:
 - (a) Individuals;
 - (b) Registered Firms;
 - (c) Bodies corporate; and
 - (d) Companies as defined in the Companies Act, 1956;
- (2) No person shall be admitted as a Clearing Member if such proposed member:
 - (a) is an individual who has not completed 21 years of age;

- (b) has been adjudged bankrupt or a receiving order in bankruptcy has been made against the person or the person has been proved to be insolvent even though he has obtained his final discharge;
- (c) has compounded with his creditors for less than full discharge of debts;
- (d) has been convicted of an offence involving a fraud or dishonesty;
- (e) is a body corporate which has committed any act which renders it liable to be wound up under the provisions of the law;
- (f) is a body corporate which has had a provisional liquidator or receiver or official liquidator appointed to the person;
- (g) has been at any time expelled or declared a defaulter by any other stock exchange or clearing corporation;
- (h) has been previously refused admission to Clearing Membership unless the period of one year has elapsed since the date of rejection;

4. ADDITIONAL ELIGIBILITY CRITERIA

No person shall be eligible to be admitted to the Clearing Membership unless the person satisfies such additional eligibility criteria as the Board or relevant authority may prescribe from time to time for different classes of Clearing Members and clearing sub-segments;

Provided however that the relevant authority may waive compliance with any or all of the admission conditions and at its discretion waive the requirements set out as above, if it is of the opinion that the person seeking admission is considered by the relevant authority to be otherwise qualified to be admitted as a Clearing Member by reason of his means, position, integrity, knowledge and experience of business in securities.

5. ADMISSION

- (1) Any person desirous of becoming a Clearing Member shall apply to the F & O segment of the Clearing Corporation for admission to the Clearing Membership of the relevant clearing sub-segment of the F & O segment. Every application shall be considered by the relevant authority within reasonable time which shall be entitled to admit or reject such applications at its discretion.
- (2) The application for admission of Clearing Members to each segment shall be made in such formats as may be specified by the relevant authority from time to time.
- (3) The application shall have to be submitted along with such fees, security deposit and other monies in such form and in such manner as may be specified by the relevant authority from time to time.
- (4) The applicant shall have to furnish such declarations, undertakings, certificates, confirmations and such other documents or papers as may be specified from time to time by the relevant authority.
- (5) The relevant authority shall have the right to call upon the applicant to pay such fees or deposit such additional security in cash or kind, deposit or contribution to Settlement Guarantee Fund and any other fund that may be maintained by the F & O segment of the Clearing Corporation from time to time, to furnish any additional

guarantee or to require contribution to computerisation fund, training fund or fee, if any, as the relevant authority may prescribe from time to time.

- (6) The relevant authority may provisionally admit the applicant to Clearing Membership provided that the applicant satisfies the eligibility conditions and other procedures and requirements of application subject to such terms and conditions as may be specified by the relevant authority. Upon the relevant authority being satisfied that all other terms and conditions and other requirements for the Clearing Membership have been complied with, the applicant may be admitted as a Clearing Member. The granting of provisional membership shall not entitle the applicant to any privileges and rights of Clearing Membership.
- (7) The relevant authority may at its absolute discretion reject any application for admission without communicating the reason thereof.
- (8) If for any reason the application is rejected, the application fee or admission fee, if any, as the case may be or part thereof as may be decided by the relevant authority may at its discretion be refunded to the applicant, without any interest.
- (9) The relevant authority may at any time from the date of admission to the Clearing Membership withdraw the admission and expel a Clearing Member if he has in or at the time of his application for admission to membership or during the course of the inquiry made by the relevant authority preceding his admission –
 - (a) made any willful misrepresentation; or
 - (b) suppressed any material information required of him as to his character and antecedents; or
 - (c) has directly or indirectly given false or misleading particulars or information or made a false declaration.
- (10)
 - (a) The membership admission does not confer any ownership right as a member of the Clearing Corporation and shall not be transferable or transmittable except as herein mentioned.
 - (b) Subject to such terms and conditions as the relevant authority may prescribe from time to time and to the prior written approval of the relevant authority, transfer of the Clearing Membership, may be effected as follows:
 - (i) by making nomination under these Rules;
 - (ii) by an amalgamation or merger of a Clearing Member company;
 - (iii) by takeover of a Clearing Member company;
 - (iv) by transfer of the Clearing Membership of a Clearing Member firm to a new firm, in which, all the existing partners are not partners; and
 - (v) by two or more Clearing Members / Clearing Member firms coming together to form a new partnership firm/company.

- (c) A Clearing Member or his successor(s) may make a nomination to Clearing Membership. The nomination(s) made by a Clearing Member or successor(s) of a Clearing Member shall be subject to the following conditions, namely:
- (i) The nominee(s) shall, at the time when the nomination becomes effective, be person(s) who shall be qualified to be admitted as Clearing Member(s) of the Clearing Corporation;
 - (ii) The nominee(s) shall give to the relevant authority his/their unconditional and irrevocable acceptance of his/their nomination;
 - (iii) A Clearing Member shall nominate one or more of his successor(s) as per the applicable succession laws. If the Clearing Member has no successor(s) willing to carry on the Clearing Membership, then, the Clearing Member may nominate person(s) other than his successor(s);
 - (iv) If the Clearing Member has not nominated any person and is rendered incompetent to carry on his business on the F & O segment of the Clearing Corporation on account of physical disability, then the Clearing Member may, within a period of six months, make a nomination as per the provisions of sub-clause (iii) above;
 - (v) If the Clearing member has not nominated any person, the successor(s) of the Clearing Member may nominate one or more persons from among themselves within six months from the date of the death of the Clearing Member;
 - (vi) If the nomination of the Clearing Member is such that it cannot be given effect to by the relevant authority, at the time when the nomination would have become effective, then the successor(s) of such a Clearing Member may nominate any other person(s) within six months from the date on which the nomination would have become effective;
 - (vii) If more than one person(s) are nominated by the Clearing Member or the successor(s), then such nominated person(s) shall be required to form a company to carry on the Clearing Membership;
 - (viii) A nomination made by a Clearing Member or successor(s) may be revoked with the prior written approval of the relevant authority and subject to such terms and conditions as the relevant authority may prescribe from time to time. No such revocation shall be permitted after the nomination becomes effective; and
 - (ix) The nomination shall become effective in the case of a nomination made by a Clearing Member, from the date of his death or physical disability or from the date of approval by the relevant authority, whichever is later and in the case of a nomination made by successor(s), from the date on which such nomination is made or from the date of approval by the relevant authority, whichever is later.
- (d) A clearing member may not effect any change in its status or constitution, unless it has made an application seeking prior approval of the Clearing Corporation in such manner and with such fees as may be specified by the relevant authority and such approval has been accorded.

Explanation 1: For the purpose of clause (a), the expression "change in status or constitution" shall include:-

(I) in case of a body corporate:

(a) amalgamation, demerger, consolidation or any other kind of corporate restructuring falling within the scope of section 391 of the Companies Act, 1956 (1 of 1956) or the corresponding provision of any other law for the time being in force;

(b) change in its managing director, whole-time director or director appointed in compliance with clause (v) of sub-rule (4A) of rule 8 of the Securities Contracts (Regulation) Rules, 1957; and

(c) any change in control over the body corporate;

(II) any change between the following legal forms - individual, partnership firm, limited liability partnership firms, Hindu undivided family, private company, public company, unlimited company or statutory corporation and other similar changes;

(III) in case of a partnership firm any change in partners not amounting to dissolution of the firm;

(IV) any other change in relation to the Clearing Members which may be specified by the relevant authority as amounting to a change in status or constitution."

Explanation 2: In a case falling under para (I)(c) of Explanation I, or in any other case where the change in status or constitution requires the prior approval of SEBI or other authority, the Clearing Member shall not carry out such change without obtaining such prior approval.

Explanation 3: A Clearing Member shall apply for prior approval under Explanation 2 by following such procedure as may be specified by SEBI, other authority or the relevant authority.

(e) The relevant authority may permit the transfer of Clearing Membership in the following circumstances:-

(i) death of a Clearing Member;

(ii) if in the opinion of the relevant authority, the Clearing Member is rendered incompetent to carry on his business on the F & O segment of the Clearing Corporation on account of physical disability;

(iii) upon amalgamation or merger of a Clearing Member company;

(iv) upon takeover of a Clearing Member company; and

(v) upon the death of or resignation or notice of dissolution by a partner of a Clearing Member firm, and re-alignment, if any, by the partners in such firm or by the partners in such firm and the nominee(s)/successor(s) of the outgoing partner or by the partners in such firm and person(s) other than the nominee(s)/successor(s) of the outgoing partner in a new firm, within a period of six months from the date of such death or resignation or notice of dissolution.

- (f) The relevant authority may, while permitting the transfer, prescribe from time to time such transfer fee as it deems fit in the following circumstances, viz,
- (i) nomination by a Clearing Member of a person other than successor(s) under the applicable laws;
 - (ii) nomination by the successor(s) of a Clearing Member, if the nominee(s) is/are not from amongst the successors;
 - (iii) amalgamation or merger of a Clearing Member company with a non Clearing Member company resulting in the loss of majority shareholding and/or control of management by the majority shareholders of the Clearing Member company;
 - (iv) takeover of the Clearing Member company by non Clearing Member(s) resulting in the loss of majority shareholding and/or control of management by the majority shareholders of the Clearing Member company; and
 - (v) in the case of sub-clause (v) of clause (d), if the person(s) other than the nominee(s)/successor(s) of the outgoing partner hold atleast 51% of share in the capital of the new firm.

Explanation I

For the purpose of sub-clauses (iii) and (iv) above, the term "loss of majority shareholding" means a shareholder or a group of shareholders holding 51% or more shares / interest in the Clearing Member company ceases to hold 51% of shares / interest in the Clearing Member company or in the amalgamated company which shall take up Clearing Membership upon amalgamation of the Clearing Member company with a Non Clearing Member company.

Explanation II

For the purpose of sub-clauses (iii) and (iv) above, the term "loss of control in management" means the loss of the right to appoint majority of the directors or to control the management or policy decision exercisable by person or persons acting individually or in concert, directly or indirectly including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

- (g) For the purpose of the clauses (b) to (f), the term 'Clearing Member' shall to the extent applicable include a partner of a Clearing Member firm or a shareholder of a Clearing Member company. The term successor(s) shall to the extent applicable, includes successor(s) of a partner of a Clearing Member firm or successor(s) of a shareholder of a Clearing Member company.
- (h) Without prejudice to any other provision of the Rules, the Clearing Membership may be suspended, for such period as the relevant authority may deem fit, in the following circumstances:
- (i) upon the individual Clearing Member or a partner of a Clearing Member firm or a shareholder of a Clearing Member company, in the

opinion of the relevant authority, being rendered incompetent to carry on his business on account of physical disability;

- (ii) upon the mental disability of the individual Clearing Member or a partner of a Clearing Member firm provided the partner holds atleast 51% of share in the profits & losses of and /or atleast 51% of share in the capital of such firm or a shareholder of a Clearing Member company provided the shareholder is a majority shareholder in such Clearing Member company;
- (iii) upon the death of an individual Clearing Member or a partner of a Clearing Member firm provided the partner holds atleast 51% of share in the profits & losses of and/or atleast 51% of share in the capital of such firm or a shareholder of a Clearing Member company, provided the shareholder is a majority shareholder in such Clearing Member company and during the six month period within which successor(s) of such individual Clearing Member partner or shareholder, may nominate person(s) to take up the stake/shares of such deceased individual Clearing Member or partner or shareholder;
- (iv) upon the dissolution of a Clearing Member firm and during the six month period as referred to in sub clause (v) of clause (d) ; and
- (v) upon any deadlock in the management of a Clearing Member firm or Clearing Member company, which, in the opinion of the relevant authority will affect the ability of such Clearing Member firm or Clearing Member company to carry on its business. The Clearing Member shall be entitled for an opportunity for representation before the relevant authority, before being suspended under this sub-clause, and the decision of the relevant authority shall be final.

Explanation I

For the purposes of this sub-clause, the term "Deadlock in the Management" means a situation wherein there is a loss of confidence or disagreement among the partners of a Clearing Member firm or among the directors/shareholders of a Clearing Member company, which, in the opinion of the relevant authority, will affect or is likely to affect the conduct of business by the Clearing Member firm or Clearing Member company, as the case may be or an equality of vote at a meeting of the directors or shareholders of a Clearing Member company.

- (i) Without prejudice to any other provision of the Rules, the Clearing Membership may be terminated by the relevant authority if an acceptable nomination or realignment, as the case may be, does not take place to the satisfaction of the relevant authority, within the said period of six months.
- (j) The nominee(s), successor(s), partners of a Clearing Member firm or such other persons, as the case may be shall be entitled for an opportunity for representation before the relevant authority, before being terminated under clause (h) above, but the decision of the relevant authority shall be final.

Conversion of legal status of the Clearing Member

- (k) Subject to such terms and conditions as the relevant authority may prescribe from time to time and to the prior written approval of the relevant authority, conversion of the legal status of a Clearing Member may be effected as follows:

- (i) by conversion of an individual Clearing Member into a partnership firm/company.
 - (ii) by conversion of a Clearing Member firm into a company.
- (l) The relevant authority may permit the conversion of the legal status of the Clearing Member in the following circumstances:
- (i) In the case of sub-clause (i) of clause (j), if the individual Clearing Member holds and continues to hold atleast 51% of the share in the profits/losses and/or atleast 51% of share in the capital of the partnership firm, or atleast 51% of shareholding / interest in the company, which shall take up the Clearing membership of the Clearing Corporation.
 - (ii) In the case of sub-clause (ii) of clause (j), if the partners holding atleast 51% of share in the profits / losses and / or atleast 51% of share in the capital of the Clearing Member firm hold and continue to hold atleast 51% of shareholding / interest in the company which shall take up the Clearing Membership of the Clearing Corporation.
- (m) A trading member may not effect any change in its status or constitution, unless it has made an application seeking prior approval of the Exchange in such manner and with such fees as may be specified by the relevant authority and such approval has been accorded.

Explanation 1: For the purpose of this clause (m), the expression "change in status or constitution" shall include:-

- (I) in case of a body corporate:
 - (a) amalgamation, demerger, consolidation or any other kind of corporate restructuring falling within the scope of section 391 of the Companies Act, 1956 (1 of 1956) or the corresponding provision of any other law for the time being in force;
 - (b) change in its managing director, whole-time director or director appointed in compliance with clause (v) of sub-rule (4A) of rule 8 of the Securities Contracts (Regulation) Rules, 1957; and
 - (c) any change in control over the body corporate;
- (II) any change between the following legal forms - individual, partnership firm, limited liability partnership firms, Hindu undivided family, private company, public company, unlimited company or statutory corporation and other similar changes;
- (III) in case of a partnership firm any change in partners not amounting to dissolution of the firm;
- (IV) any other change in relation to the Trading Members which may be specified by the relevant authority as amounting to a change in status or constitution."

Explanation 2: In a case falling under para (I)(c) of Explanation I, or in any other case where the change in status or constitution requires the prior approval of SEBI or other authority, the Trading Member shall not carry out such change without obtaining such prior approval.

Explanation 3: A Trading Member shall apply for prior approval under Explanation 2 by following such procedure as may be specified by SEBI, other authority or the relevant authority.

- (11) Notwithstanding anything contained in Rule 5(10), the relevant authority may, in its absolute discretion permit the transfer of the Clearing Membership of the F&O Segment to another person or entity, subject to such terms and conditions as the relevant authority may in its absolute discretion prescribe from time to time.
- (12) A Clearing Member shall not assign, mortgage, pledge, hypothecate or charge his right of membership or any rights or privileges attached thereto nor shall he has the right to give license or grant power of attorney in respect of such rights and privileges and no such attempted assignment, mortgage, pledge, hypothecation or charge or license or power of attorney shall be effective as against the Clearing Corporation for any purpose, nor shall any right or interest in any Clearing Membership other than the personal right or interest of the Clearing Member therein be recognised by the Clearing Corporation. The relevant authority may suspend any Clearing Member of the Clearing Corporation who acts or attempts to act in violation of the provisions of this rule or take any other disciplinary action as it may deem fit.

6. CONDITIONS

- (1) Clearing Members shall adhere to the Rules, Bye Laws and Regulations and shall comply with such operational parameters, rulings, notices, guidelines and instructions of the relevant authority as may be applicable.
- (2) All contracts issued for admitted deals shall be in accordance with and subject to Rules, Bye Laws and Regulations.
- (3) Clearing Members shall furnish declarations, undertakings, confirmation and such other documents and papers relating to such matters and in such forms as may be specified by the relevant authority from time to time.
- (4) Clearing Members shall furnish to the F & O segment of the Clearing Corporation, within such time as may be specified, an annual Auditors' Certificate certifying that specified requirements as may be specified by the relevant authority from time to time pertaining to their operations have been complied with.
- (5) Clearing Members shall furnish such information and periodic returns pertaining to their operations as may be required by the relevant authority from time to time.
- (6) Clearing Members shall furnish to the F & O segment of the Clearing Corporation such audited and/or unaudited financial or qualitative information and statements and in such manner as may be required by the relevant authority from time to time.
- (7) Clearing Members shall comply with such requirements as may be specified by the relevant authority from time to time with regard to advertisements, booklets and issue of circulars in connection with their activities as Clearing Members.
- (8) Clearing Members shall extend full cooperation and furnish such information and explanation and in such manner as may be required by the relevant authority or authorised person of the Clearing Corporation for inspection or audit or in regard to any dealings, settlement, accounting and/or other related matters.

7. PARTNERSHIPS

- (1) No Clearing Member shall form a partnership or admit a new partner to an existing partnership or make any change in the name of an existing partnership without intimation and prior approval of the relevant authority in such form and manner and

subject to such requirements as the relevant authority may specify from to time; these requirements may, inter alia, include deposits, declarations, guarantees and other conditions to be met by and which may be binding on all partners.

- (2) No Clearing Member shall, at the same time, be a partner in more than one partnership firm which is a Clearing Member of the Clearing Corporation.
- (3) No Clearing Member who is a partner in any partnership firm shall assign or in any way encumber his interest in such partnership firm.
- (4) The partnership firm shall register with such authorities as may be required under relevant laws and shall produce proof of such registration to the F & O segment of the Clearing Corporation.
- (5) The partners of the firm shall do business only on account of the firm and jointly in the name of the partnership firm. No single partner or group of partners is entitled to any rights and privileges of Clearing Membership independent from that of their partnership firm.
- (6) The partners of the partnership firm must communicate to the Clearing Corporation in writing under the signatures of all the partners or surviving partners any change in such partnership either by dissolution or retirement or death of any partner or partners.
- (7) Any notice to the Clearing Corporation intimating dissolution of a partnership shall contain a statement as to who undertakes the responsibility of settling all outstanding contracts and liabilities of the dissolved partnership firm but that shall not be deemed to absolve the other partner or partners of his or their responsibility for such outstanding contracts and liabilities.

8. TERMINATION OF MEMBERSHIP

- (1) Any Clearing Member may cease to be a member, if one or more apply:
 - (a) by resignation;
 - (b) by death;
 - (c) by expulsion in accordance with the provisions contained in the Bye Laws, Rules and regulations;
 - (d) by being declared a defaulter in accordance with the Bye Laws, Rules and Regulations ;
 - (e) by dissolution in case of partnership firm;
 - (f) by winding up or dissolution in the case of a limited company;
- (2) Notwithstanding anything contained in the Bye-laws and Rules of Clearing Corporation, a clearing member shall ipso facto cease to be clearing member of the Clearing Corporation, on cessation of his membership / trading membership on one or more stock exchanges in accordance with the provisions contained in the Bye-laws, Rules and Regulations of such stock exchange(s) and in such cases, such clearing member shall not be entitled for any opportunity of being heard or explanation in such an event.

- (3) The termination of Clearing Membership shall not in any way absolve the Clearing Member from any obligations and liabilities incurred by the Clearing Member prior to such termination.

9. RESIGNATION

- (1) A Clearing Member who intends to resign from the Clearing Membership of the F & O segment of the Clearing Corporation shall intimate to the Clearing Corporation a written notice to that effect.
- (2) Any Clearing Member objecting to any such resignation shall communicate the grounds of his objection to the relevant authority by letter within such period as may be specified by the relevant authority from time to time.
- (3) The relevant authority may accept the resignation of a Clearing Member either unconditionally or on such conditions as it may think fit or may refuse to accept such resignation and in particular may refuse to accept such resignation until it is satisfied that all outstanding transactions with such Clearing Member have been settled.

10. DEATH

- (1) On death of a Clearing Member, his legal representatives and authorised representatives, if any, shall communicate due intimation thereof to the relevant authority in writing immediately and all future activities of the Clearing Member shall cease immediately except so far as it pertains to past obligations prior to his death.
- (2) On the termination of membership of the F&O segment of a Clearing Member on his death, the Clearing Corporation, with whom security deposits, other monies, any additional deposits, whether in the form of cash, bank guarantees, securities or otherwise, or any other securities are lying, shall deduct only the dues, liability of the deceased member from his deposits and in such manner as the relevant authority may prescribe from time to time.

11. FAILURE TO PAY CHARGES

Save as otherwise provided in the Bye-laws, Rules and Regulations if a member fails to pay his annual subscription, fees, deposit or contribution to Settlement Guarantee Fund(s), fines, penalties, other charges or other monies which may be due by him to the Clearing Corporation within such time as the relevant authority may prescribe from time to time after notice in writing has been served upon him by the Clearing Corporation, he may be suspended by the relevant authority until he makes payment and if within a further period of time as may be specified from time to time, he fails to make such payment, he may be declared a defaulter or may be expelled by the relevant authority.

12. CONTINUED ADMITTANCE

The relevant authority shall from time to time prescribe conditions and requirements for continued admittance to Clearing Membership which may, inter alia, include maintenance deposit or contribution to Settlement Guarantee Fund, minimum networth and capital adequacy. The Clearing Membership of any person who fails to meet these requirements shall be liable to be terminated.

13. RE-ADMISSION OF DEFAULTERS

- (1) A Clearing Member's right of membership shall lapse and vest with the Clearing Corporation immediately upon his being declared a defaulter. The Clearing Member

who is declared a defaulter shall forfeit all his rights and privileges as a Clearing Member, including any right to use of or any claim upon or any interest in any property or funds of the Clearing Member with the F & O segment of the Clearing Corporation.

- (2) The relevant authority reserves the right to re-admit a defaulting member and it may re-admit a defaulter as a Clearing Member subject to the provisions, terms and conditions as may be specified by the relevant authority from time to time.
- (3) The relevant authority may readmit only such defaulter who in its opinion:
 - (a) has paid up all dues to the Clearing Corporation, other Clearing Members and constituents;
 - (b) has no insolvency proceedings against him in a Court or has not been declared insolvent by any Court;
 - (c) has defaulted owing to the default of principals whom he might have reasonably expected to be good for their commitments;
 - (d) has not been guilty of bad faith or breach of the Bye Laws, Rules and Regulations ;
 - (e) has been irreproachable in his general conduct.

CHAPTER V

DISCIPLINARY PROCEEDINGS, PENALTIES, SUSPENSION AND EXPULSION

1. DISCIPLINARY JURISDICTION

The relevant authority may expel or suspend and/or fine and/or penalise under censure and/or warn and/or withdraw all or any of the membership rights of a Clearing Member if he is guilty of contravention, non-compliance, disobedience, disregard or evasion of any of the Bye Laws, Rules and Regulations or of any resolutions, orders, notices, directions or decisions or rulings of the F & O segment of the Clearing Corporation or the relevant authority or of any other Committee or officer of the Clearing Corporation authorised in that behalf or of any conduct, proceeding or method of business which the relevant authority in its absolute discretion deems dishonourable, disgraceful or unbecoming a Clearing Member or inconsistent with just and equitable principles or detrimental to the interests, good name or welfare of the Clearing Corporation or prejudicial or subversive to its objects and purposes.

2. PENALTY FOR BREACH OF RULES, BYE-LAWS AND REGULATIONS

Every Clearing Member shall be liable to suspension, expulsion or withdrawal of all or any of his Clearing Membership rights and/or to payment of fine and/or to be censured, reprimanded or warned for contravening, disobeying, disregarding or willfully evading of any of these Rules, Bye-laws and Regulations Securities Contracts (Regulation) Act, 1956 and/or Rules thereunder, Securities and Exchange Board of India Act, 1992 and/or Rules thereunder, or any resolutions, orders, notices, directions, decisions or rulings of the F & O segment of the Clearing Corporation, the Board of Directors, Executive Committee, Managing Director or any officer of the Clearing Corporation or for any disreputable or fraudulent transactions or dealings or method of business which the Board of Directors in its absolute discretion deems unbecoming a Clearing Member of the Clearing Corporation or inconsistent with just and equitable principles.

3. **PENALTY FOR MISCONDUCT, UNBUSINESSLIKE CONDUCT AND UNPROFESIONAL CONDUCT**

A Clearing Member shall be liable to expulsion or suspension or withdrawal of all or any of his membership rights and/or to payment of a fine and/or penalty and/or to be censured, reprimanded or warned for any misconduct, unbusinesslike conduct or unprofessional conduct as provided in the provisions in that behalf as provided herein including the following

(1) Misconduct

- (a) *Fraud* : If he is convicted of a criminal offence or commits fraud or a fraudulent act which in the opinion of the relevant authority renders him unfit to be a Clearing Member;
- (b) *Violation* : If he has violated provisions of any statute governing the activities, business and operations of the Clearing Corporation, Clearing Members and securities business in general;
- (c) *Improper Conduct*: If in the opinion of the relevant authority he is guilty of dishonourable or disgraceful or disorderly or improper conduct on the Clearing Corporation or of willfully obstructing the business of the Clearing Corporation;
- (d) *Breach of Rules, Bye Laws and Regulations*: If he shields or assists or omits to report any Clearing Member whom he has known to have committed a breach or evasion of any Bye Laws, Rules and Regulations, Securities Contracts (Regulations) Act, 1956 and Rules thereunder, Securities and Exchange Board of India Act, 1992 and Regulations thereunder or of any resolution, order, notice or direction of the relevant authority or of any Committee or officer of the Clearing Corporation authorised in that behalf;;
- (e) *Failure to comply with directions* : If he contravenes or refuses or fails to comply with or abide by any resolution, order, notice, direction, decision or ruling of the Board or of any Committee or officer of the Clearing Corporation or other person authorised in that behalf under the Bye Laws, Rules and Regulations;
- (f) *Failure to submit to or abide by Arbitration* : If it neglects or fails or refuses to submit to arbitration or to abide by or carry out any award, decision or order of the relevant authority or the Arbitration Committee or the arbitrators made in connection with a reference under the Bye Laws, Rules and Regulations of the Stock Exchange
- (g) *Failure to testify or give information* : If he neglects or fails or refuses to submit to the relevant authority or to a Committee or an officer of the Clearing Corporation authorised in that behalf, such books, correspondence, documents and papers or any part thereof as may be required to be produced or to appear and testify before or cause any of its partners, attorneys, agents, authorised representatives or employees to appear and testify before the relevant authority or such Committee or officer of the Clearing Corporation or other person authorised in that behalf;
- (h) *Failure to submit Special Returns*: If he neglects or fails or refuses to submit to the relevant authority within the time notified in that behalf special return

in such form as the relevant authority may from time to time prescribe together with such other information as the relevant authority may require whenever circumstances arise which in the opinion of the relevant authority make it desirable that such special returns or information should be furnished by any or all the Clearing Members;

- (i) *Failure to submit Audited Accounts:* If he neglects or fails or refuses to submit its audited accounts to the Clearing Corporation within such time as may be specified by the relevant authority from time to time;
- (j) *Failure to compare or submit accounts with Defaulter:* If he neglects or fails to compare his accounts with the relevant authority or to submit to it a statement of its accounts with a defaulter or a certificate that he has no such account or if he makes a false or misleading statement therein;
- (k) *False or misleading Returns:* If he neglects or fails or refuses to submit or makes any false or misleading statement in his clearing forms or returns required to be submitted to the F & O segment of the Clearing Corporation under the Bye-laws, Rules and Regulations;
- (l) *Vexatious complaints:* If he or his agent brings before the relevant authority or a Committee or an officer of the Clearing Corporation or other person authorised in that behalf a charge, complaint or suit which in the opinion of the relevant authority is frivolous, vexatious or malicious;
- (m) *Failure to pay dues and fees:* If he fails to pay his subscription, fees, arbitration charges or any other money which may be due by it or any fine or penalty imposed on him.

(2) Unbusinesslike Conduct

A Clearing Member shall be guilty of unbusiness like conduct for any of the following or similar acts or omissions namely:

- (a) *Fictitious Names:* If he transacts his own business or the business of his constituent in fictitious names or if he carries on business in more than one clearing segment of the Clearing Corporation under fictitious names;
- (b) *Circulation of rumours:* If he, in any manner, circulates or causes to be circulated, any rumours;
- (c) *Unwarrantable Business:* If he engages in reckless or unwarrantable or unbusinesslike dealings in the market or effects purchases or sales for his constituent's account or for any account in which he is directly or indirectly interested which purchases or sales are excessive in view of his constituent's or his own means and financial resources or in view of the market for such security;
- (d) *Compromise:* If he connives at a private failure of a Clearing Member or accepts less than full and bona fide money payment in settlement of a debit due by a Clearing Member arising out of a deal in securities;

- (e) *Dishonoured Cheque*: If he issues to any other Clearing Member or to its constituents or to the Clearing Corporation a cheque which is dishonoured on presentation for whatever reasons;
- (f) *Failure to carry out transactions with Constituents*: If he fails in the opinion of the relevant authority to carry out its committed transactions with its constituents;

(3) Unprofessional Conduct

A Clearing Member shall be deemed guilty of unprofessional conduct for any of the following or similar acts or omissions namely:

- a) *Business in Securities in which dealings not permitted*: If he enters into dealings in securities in which dealings are not permitted;
- b) *Business for Defaulting Constituent*: If he deals or transacts business directly or indirectly or executes an order for a constituent who has within his knowledge failed to carry out engagements relating to securities and is in default to another Clearing Member unless such constituent shall have made a satisfactory arrangement with the Clearing Member who is his creditor;
- c) *Business for Insolvent*: If without first obtaining the consent of the relevant authority he directly or indirectly is interested in or associated in business with or transacts any business with or for any individual who has been bankrupt or insolvent even though such individual shall have obtained his final discharge from an Insolvency Court;
- d) *Business without permission when under suspension*: If without the permission of the relevant authority he does business on his own account or on account of a principal with or through a Clearing Member during the period he is required by the relevant authority to suspend business on the Clearing Corporation;
- e) *Business for or with suspended, expelled and defaulter Clearing Members*: If without the special permission of the relevant authority he shares brokerage with or carries on business or makes any deal for or with any Clearing Member who has been suspended, expelled or declared a defaulter;
- f) *Business for Employees of other Clearing Members*: If he transacts business directly or indirectly for or with or executes a deal for an authorised representative or employee of another Clearing Member without the written consent of such employing Clearing Member;
- g) *Evasion of Margin Requirements*: If he willfully evades or attempts to evade or assists in evading the margin requirements specified in these Bye-laws and Regulations;
- h) *Clearing Fees*: If he willfully evades or attempts to evade or assists in evading the Bye-laws and Regulations relating to clearing fees.
- i) *Advertisement*: If he advertises for business purposes or issues regularly circular or other business communication to persons other than his own Constituents, Trading Members of the Exchange, Banks and Joint Stock Companies or publishes pamphlets, circulars or any other literature or report or information relating to the stock markets, without the prior written permission of the Clearing Corporation or in contravention of the advertisement code prescribed by the Clearing Corporation.

4. CLEARING MEMBER RESPONSIBLE FOR PARTNERS, AGENTS AND EMPLOYEES

A Clearing Member shall be fully responsible for the acts and omissions of its authorised officials, attorneys, agents, authorised representatives and employees and if any such act or omission be held by the relevant authority to be one which if committed or omitted by the Clearing Member would subject it to any of the penalties as provided in the Bye Laws, Rules and Regulations then such Clearing

Member shall be liable thereof to the same penalty to the same extent as if such act or omission had been done or omitted by him.

5. SUSPENSION ON FAILURE TO PROVIDE MARGIN DEPOSIT, DEPOSIT OR CONTRIBUTION TO SETTLEMENT GUARANTEE FUND OR MEET CAPITAL ADEQUACY NORMS

The relevant authority may suspend a Clearing Member and/or require a Clearing Member to suspend his business if he fails to provide the margin deposits, deposits and contributions to Settlement Guarantee Fund and/or meet capital adequacy norms as provided in these Bye Laws, Rules and Regulations and the suspension of business shall continue until the Clearing Member furnishes the necessary margin deposit or deposit/contribution to Settlement Guarantee Fund or meet capital adequacy norms. The relevant authority may expel Clearing Member acting in contravention of this provision.

6. SUSPENSION OF BUSINESS

The relevant authority may suspend a Clearing Member and/or require a Clearing Member to suspend its business in part or in whole on any Clearing Segment:

- (a) Unwarrantable Business: When in the opinion of the relevant authority the Clearing Member engages in unwarrantable business or effects deals for its constituents' account or for any account in which he is directly or indirectly interested which deals are excessive in view of his constituent's or his own means and financial resources or in view of the market for such security, or
- (b) Unsatisfactory Financial Condition: When in the opinion of the relevant authority the Clearing Member is in such financial condition that he cannot be permitted to do business with safety to his creditors or the Clearing Corporation.

7. REMOVAL OF SUSPENSION

The suspension of business as mentioned above shall continue until the Clearing Member has been allowed by the relevant authority to resume his business on paying such deposit or his doing such act or providing such thing as the relevant authority may require.

8. PENALTY FOR CONTRAVENTION

A Clearing Member who is suspended or who is required to suspend his business or part thereof may be expelled by the relevant authority, if he acts in contravention of such suspension or requirement.

9. CLEARING MEMBERS AND OTHERS TO TESTIFY AND GIVE INFORMATION

A Clearing Member shall appear and testify before and cause its partners, attorneys, agents, authorised representatives and employees to appear and testify before the relevant authority or before other Committee(s) or an officer of the Clearing Corporation authorised in that behalf and shall produce before the relevant authority or before other Committee(s) or an officer of the Clearing Corporation authorised in that behalf, such books, correspondence, documents, papers and records or any part thereof which may be in its possession and which may be deemed relevant or material to any matter under inquiry or investigation.

10. PERMISSION NECESSARY FOR LEGAL REPRESENTATION

No person shall have the right to be represented by professional counsel, attorney, advocate or other representative in any investigation or hearing before the relevant authority or any other Committee unless the relevant authority or other Committee so permits.

11. EXPLANATION BEFORE EXPULSION

A Clearing Member shall be entitled to be summoned before the relevant authority and afforded an opportunity for explanation before being expelled but in all cases the findings of the relevant authority shall be final and conclusive.

12. IMPOSITION OF PENALTIES

The penalty of suspension, withdrawal of all or any of the membership rights, fine, censure or warning may be inflicted singly or conjointly by the relevant authority. The penalty of expulsion may be inflicted by relevant authority.

13. PRE-DETERMINATION OF PENALTIES

The relevant authority shall have the power to pre-determine the penalties, the period of any suspension, the withdrawal of particular membership rights and the amount of any fine that would be imposed on contravention, non-compliance, disobedience, disregard or evasion of any Bye Law, Rules or Regulations of the, or of any resolution, order, notice, direction, decision or ruling thereunder of the, F & O segment of the Clearing Corporation, the relevant authority or of any other Committee or officer of the Clearing Corporation authorised in that behalf.

14. COMMUTATION

The relevant authority in its discretion may in any case suspend a Clearing Member in lieu of the penalty of expulsion or may withdraw all or any of the membership rights or impose a fine in lieu of the penalty of suspension or expulsion and may direct that the guilty Clearing Member be censured or warned or may reduce or remit any such penalty on such terms and conditions as it deems fair and equitable.

15. RECONSIDERATION/REVIEW

The relevant authority may of its own or on appeal by the Clearing Member concerned, within 90 days from the date of communication of decision of the relevant authority to the member, reconsider and rescind, revoke or modify its order fining, censuring, warning or withdrawing all or any of the membership rights of the Clearing Member. In a like manner the relevant authority may rescind, revoke or modify its resolution expelling or suspending any Clearing Member.

16. FAILURE TO PAY FINES AND PENALTIES

If a Clearing Member fails to pay any fine or penalty imposed on him within such period as specified from time to time by the relevant authority he may be suspended by the relevant authority until he makes payment and if within a further period as specified from time to time he fails to make such payment he may be expelled by the relevant authority.

17. CONSEQUENCE OF SUSPENSION

The suspension of a Clearing Member shall have the following consequences:

(1) Suspension of Membership Rights

A suspended Clearing Member shall during the terms of his suspension, be deprived of and excluded from all rights and privileges of membership but he

may be proceeded against by the relevant authority for any offence committed by him before or after suspension and the relevant authority shall not be debarred from taking cognisance of and dealing with or adjudicating on claims made against him by other Clearing Members.

(2) Rights of creditors unimpaired

The suspension shall not affect the rights of Clearing Members who are creditors of the suspended Clearing Members and rights of the Clearing Corporation.

(3) Fulfillment of Deals and Obligations

The suspended Clearing Member shall be bound to fulfil obligations and deals outstanding at the time of his suspension.

(4) Further business prohibited

The suspended Clearing Member shall not during the terms of his suspension transact any business provided that he may with permission of the relevant authority close the deals outstanding at the time of his suspension.

18. CONSEQUENCES OF EXPULSION

The expulsion of a Clearing Member shall have the following consequences namely:

(1) Clearing Membership Rights forfeited

The expelled Clearing Member shall forfeit to the Clearing Corporation its right of Clearing Membership and all rights and privileges as a Clearing Member including any right to the use of any claim upon or any interest in any property or funds of the Clearing Corporation but any liability of any such Clearing Member to the Clearing Corporation or to any Clearing Member shall continue and remain unaffected by its expulsion.

(2) Office vacated

The expulsion shall create a vacancy in any office or position held by the expelled Clearing Member.

(3) Rights of Creditors unimpaired

The expulsion shall not affect the rights of the Clearing Members who are creditors of the expelled Clearing Member.

(4) Fulfillment of Deals and Obligations

The expelled Clearing Member shall be bound to fulfil deals and obligations outstanding at the time of his expulsion and he may with the permission of the relevant authority close such outstanding transactions.

(5) Clearing Members not to deal

No Clearing Member shall transact business for or with the expelled Clearing Member except with the previous permission of the relevant authority.

(6) Provisions of byelaws regarding consequences of declaration of default to follow

The provisions regarding consequences of declaration of defaulter contained in Chapter XI of the Byelaws of the Clearing Corporation shall apply to the expelled Clearing Member as if such Clearing Member has been declared defaulter.

(7) Expulsion Rules to Apply

When a Clearing Member ceases to be a Clearing Member under the provisions of these Bye Laws and Rules otherwise than by death, default or resignation, it shall be as if such Clearing Member has been expelled by the relevant authority and in that event all the provisions relating to expulsion contained in these Rules shall apply to such Clearing Member in all respects.

19. NOTICE OF PENALTY AND SUSPENSION OF BUSINESS

- (1) Notice shall be given to the Clearing Member concerned and to the Clearing Members in general by such mode as may be decided by the relevant authority from time to time of the expulsion or suspension or default of or of the suspension of business by a Clearing Member or of any other penalty imposed on it or on its partners or other employees. The relevant authority may in its absolute discretion and in such manner as it thinks fit notify or cause to be notified to the Clearing Members or to the public that any person who is named in such notification has been expelled, suspended, penalised or declared a defaulter or has suspended his business or ceased to be a Clearing Member. No action or other proceedings shall in any circumstances be maintainable by such person against the Clearing Corporation or the relevant authority or any officer or employee of the Clearing Corporation for the publication or circulation of such notification. The application for Clearing Membership or the application for registration as the constituted attorney or authorised representative or by the person concerned shall operate as license and these Bye Laws and Rules shall operate as leave to print, publish or circulate such advertisement or notification and be pleadable accordingly.
- (2) Notwithstanding anything contained in these provisions, if in the opinion of the relevant authority it is necessary to do so, he may, for reasons to be recorded in writing, temporarily suspend forthwith the Clearing Member, pending completion of appropriate proceedings for suspension under this chapter by the relevant authority, and no notice of hearing shall be required for such temporary suspension and such temporary suspension shall have the same consequences of suspension under this chapter, provided that appropriate proceedings provided in this chapter shall be commenced by issue of a notice to show cause to the Clearing Member within 10 days of such temporary suspension. Any such temporary suspension may be revoked at the discretion of the relevant authority, for reasons to be recorded in writing, if the relevant authority is satisfied that the circumstances leading to the formation of opinion of the relevant authority to suspend, has ceased to exist or are satisfactorily resolved.

**MCX-SX CLEARING CORPORATION LIMITED BYE LAWS OF CURRENCY
DERIVATIVES SEGMENT**

Arrangement of Chapters

Chapter	Description
I.	Definitions
II.	Clearing Segments
III.	[Statutory and Other] ²⁶ Committee
IV.	Regulations
V.	Clearing Members
VI.	Clearing and Settlement of Deals
VII.	Dealings by Clearing Members
VIII.	Margins
IX.	Rights and Liabilities of Clearing Members and Constituents
X.	Arbitration
XI.	Default
XII.	Settlement Guarantee Fund
XIII.	Miscellaneous

CHAPTER I

DEFINITIONS

- 1. BOARD**
"Board" means Board of Directors of MCX-SX Clearing Corporation Limited.
- 2. BYELAWS**
Unless the context indicates otherwise, Byelaws means the Byelaws of the Currency Derivatives Segment (CD Segment) of the Clearing Corporation for the time being in force.
- 3. CLEARING AND SETTLEMENT**
"Clearing and Settlement" means clearing or settlement or clearing and settlement of deals in respect of Currency Derivatives Segment in such manner and subject to such conditions as may be specified by the Relevant Authority from time to time, unless the context indicates otherwise.
- 4. CLEARING BANK(S)**
Clearing Bank(s) is such bank(s) as the Clearing Corporation may appoint to act as a

²⁶ Substituted w.e.f. January 28, 2014, prior to substitution Chapter III read as under:

III. Executive Committee

funds settling agency, for the collection of margin money for all deals cleared through CD Segment and any other funds movement between clearing members and the Clearing Corporation and between clearing members as may be directed by the Clearing Corporation from time to time.

5. CLEARING CORPORATION

Clearing Corporation means MCX-SX Clearing Corporation Limited.

6. CLEARING MEMBER

"Clearing Member" means a member of the CD Segment of Clearing Corporation and includes all categories of clearing members as may be admitted as such by the Clearing Corporation but does not denote the shareholders of the Clearing Corporation.

7. CONSTITUENT

A Client /Constituent means a person, on whose instructions and on whose account the Clearing Member clears and settles deals. For this purpose the term "Client" shall include all registered constituents of trading members of Specified Exchange.

Explanation 1: The terms 'Constituent' and 'Client' are used interchangeably in the Byelaws, Rules & Regulations and shall have the same meaning assigned herein.

Explanation 2: The term „Constituent" in relation to trades shall also include a trading member where such trades done on the Specified Exchange are cleared and settled on his behalf by a Clearing Member.

8. CURRENCY DERIVATIVES SEGMENT

"Currency Derivatives Segment" or "CD Segment" means CD Segment of Clearing Corporation and also includes the different clearing sub-segments or divisions thereof for clearing and settlement of deals as may be classified by the relevant authority from time to time.

9. DEAL

"Deal" means, unless the context indicates otherwise, a deal which is admitted to be cleared and settled through the Clearing Corporation in the CD Segment.

10. DELIVERING MEMBER

"Delivering Member" means a clearing member who has to or has delivered documents in fulfillment of contract to which these Rules, Bye Laws and Regulations apply unless the context indicates otherwise.

11. RECEIVING MEMBER

"Receiving Member" means a clearing member who has to receive or has received documents in fulfillment of contracts to which these Rules, Bye Laws and Regulations apply unless the context indicates otherwise.

12. REGULATIONS

"Regulations" means Regulations of the CD Segment for the time being in force and includes business rules, code of conduct and such other procedures and regulations, circulars, directives and orders as issued by the relevant authority from time to time for the operations of the CD Segment.

13. RELEVANT AUTHORITY

"Relevant Authority" means the Board, Securities and Exchange Board of India or such other authority as specified by the Board from time to time as relevant for a specified purpose.

14. RULES

Unless the context indicates otherwise, "Rules" means the Rules of the CD Segment for the time being in force.

15. SEBI

"SEBI" means the Securities and Exchange Board of India.

16. SECURITIES

"Securities" shall have the meaning assigned to it in the Securities Contracts (Regulation) Act, 1956 and shall also include such other class of instruments or products, monetary or non-monetary, scrip- less or otherwise, as may be admitted to be cleared and settled through the CD Segment.

17. SETTLEMENT GUARANTEE FUND

Settlement Guarantee Fund means a fund established and maintained in accordance with the relevant provisions of the Bye Laws.

18. SPECIFIED EXCHANGE

"Specified Exchange" or "specified exchange" means a recognised stock exchange/segment of recognised stock exchange under the Securities Contracts (Regulation) Act, 1956 dealings on which may be admitted to be cleared and settled by the Clearing Corporation in its CD Segment subject to such terms and conditions as may be specified from time to time by the relevant authority.

19. TRADING MEMBER

"Trading Member" or "trading member" means any person admitted as a member in any Exchange in accordance with the Rules, Bye Laws and Regulations of that Exchange.

Note: The terms defined above shall mean the same when used in lower case in the Bye Laws and Regulations, unless the context indicates otherwise.

CHAPTER II**CLEARING SEGMENTS**

1. There may be more than one clearing segment as may be specified by the relevant authority under these Bye-laws from time to time
2. The Clearing Corporation may establish more than one clearing sub-segment or division in the CD Segment as may be specified by the relevant authority from time to time. Deals which may be admitted to the different clearing sub-segments or divisions of CD Segment for the purpose of clearing and settlement will be specified by the relevant authority from time to time.

CHAPTER III**[STATUTORY AND OTHER COMMITTEES**

1. The Board may, from time to time, constitute one or more committees comprising of members of the Board or such other members as the Board may in its discretion deem fit or necessary or as may be prescribed by SEBI from time to time.
2. The Board may specify the terms of reference of such committee and delegate to such committees such powers as the Board may deem fit or as may be prescribed by SEBI from time to time and the Board may from time to time revoke such delegation or dissolve such committees.]²⁷

²⁷ Substituted w.e.f January 28, 2014, prior to substitution, Chapter III read as under:

EXECUTIVE COMMITTEE

1. Executive Committee(s) may be appointed by the Board for the purposes of managing the day to day affairs of the CD Segment of the Clearing Corporation in such manner as laid down in the Rules.
2. The Executive Committee of CD Segment shall have such responsibilities and powers as may be delegated to it by the Board.
3. The Executive Committee for CD Segment shall not have any representation from the Clearing

CHAPTER IV

REGULATIONS

1. The Board may prescribe Regulations from time to time for the functioning and operations of the CD Segment and to regulate the functioning and operations of the clearing members of the CD Segment.
2. Without prejudice to the generality of the above, the Board may prescribe regulations from time to time, inter alia, with respect to:
 - (1) norms, procedures, terms and conditions for admission of Exchanges;
 - (2) norms, procedures, terms and conditions to be complied with for admission of deals for clearing and settlement in the CD Segment by the Clearing Corporation;
 - (3) norms, procedures, terms and conditions for clearing and settlement of deals in the CD Segment;
 - (4) forms and conditions of deals to be entered into, and the time, mode and manner for performance of deals between clearing members inter se or between clearing members and their constituents;
 - (5) norms, procedures, terms and conditions for guaranteed settlement by the CD Segment;
 - (6) prescription, from time to time, and administration of penalties, fines and other consequences, including suspension/expulsion of clearing members from the CD Segment for defaults;
 - (7) norms, procedures, terms and conditions for imposition and administration of different types of margins and other charges and restrictions that may be imposed by the CD Segment from time to time.
 - (8) determination from time to time, of fees, system usage charges, deposits, margins and other monies payable to the Clearing Corporation by clearing members of the CD Segment and the scale of clearing and other charges that may be collected by such clearing members;
 - (9) supervision of the clearing operations and promulgation of such Business Rules and Codes of Conduct as it may deem fit;
 - [(9A) maintenance of records and books of accounts by clearing members as it may deem fit and records as required under the Securities Contracts (Regulation) Act and Rules made thereunder or any other law for the time being in force;]²⁸
 - (10) inspection and audit of records and books of accounts;
 - (11) settlement of disputes, complaints, claims arising between clearing members inter-se as well as between clearing members and persons who are not clearing members relating to any deal in securities cleared and settled through the CD Segment including settlement by arbitration;
 - (12) norms, procedures, terms and conditions for arbitration;
 - (13) administration, maintenance and investment of the corpus of the Fund(s) set up by the CD Segment including Settlement Guarantee Fund(s);
 - (14) establishment, norms, terms and conditions, functioning and procedures of clearing house, clearing through depository or other arrangements including custodial services for clearing and settlement;
 - (15) norms, procedures, terms and conditions in respect of, incidental to or consequential to closing out of deals;
 - (16) dissemination of information and announcements;
 - (17) any other matter as may be decided by the Board.

Members and Trading Members. The composition of such Executive Committee shall be subject to the prior approval of Securities and Exchange Board of India (SEBI).

²⁸ Inserted w.e.f. January 28, 2014.

CHAPTER V

CLEARING MEMBERS

1. The relevant authority is empowered to admit clearing members in accordance with Rules and Regulations subject to the minimum financial requirements prescribed by SEBI. Such Clearing Members shall pay such fees, security deposits and other monies as may be specified by the Board or the relevant authority from time to time, on admission as Clearing Members and for continued admission. The fees, security deposits, other monies and any additional deposits paid, whether in the form of cash, bank guarantee, securities or otherwise, with the Clearing Corporation, by a Clearing Member from time to time, shall be subject to a first and paramount lien for any sum due to the Clearing Corporation in any Clearing Segment and all other claims against the Clearing Member for due fulfillment of engagements, obligations and liabilities of Clearing Members arising out of or incidental to any dealings made subject to the Byelaws, Rules and Regulations of the Clearing Corporation in any Clearing Segment. The Clearing Corporation shall be entitled to adjust or appropriate such fees, deposits and other monies for such dues and claims, to the exclusion of the other claims against the Clearing Member, without any reference to the Clearing Member.
The proceeds arising out of invocation of the bank guarantees furnished by the Clearing Member in lieu of security deposits or additional deposits on being invoked by the Clearing Corporation shall not be reckoned as part of the Clearing Member's deposits for the purpose of enablement or exposure, etc.
The Clearing Corporation may utilise the proceeds of the bank guarantee so invoked for the purpose of settlement of claims / dues of clients, Clearing Corporation, the stock exchange or SEBI against the Clearing Member. The surplus, if any, shall be refunded to the Clearing Member.
[(1A) The relevant authority may specify prerequisites, conditions, formats and procedures for application for admission, termination, re-admission, etc. of clearing members to CD clearing segment. The relevant authority may, at its absolute discretion, refuse permission to any applicant to be appointed as clearing member in CD Segment.]²⁹
2. Clearing Member of any sub-segment may clear and settle deals through the Clearing Corporation pertinent to that sub-segment in such manner and mode and subject to such terms and conditions and procedures as may be specified for the Clearing Member.
3. Clearing Members may clear and settle deals either on their own account or on behalf of their clients unless otherwise specified by the relevant authority and subject to such terms and conditions which the relevant authority may prescribe from time to time.

[Conditions

- (4) (a) Clearing members shall adhere to the Bye Laws, Rules and Regulations of the CD Segment of the Clearing Corporation and shall comply with such operational parameters, rulings, notices, guidelines and instructions of the relevant authority as may be applicable.
- (b) All deals cleared on the Clearing Corporation shall be in accordance with the Bye Laws, Rules and Regulations of the CD Segment of the Clearing Corporation.

²⁹ Inserted w.e.f. January 28, 2014.

- (c) Clearing members shall furnish declarations relating to such matters and in such forms as may be prescribed by the relevant authority from time to time.
- (d) Clearing members shall furnish such information and periodic returns pertaining to their operations as may be required by the relevant authority from time to time.
- (e) Clearing members shall furnish to the extent such audited and/or unaudited financial or quantitative information and statements as may be required by the relevant authority from time to time.
- (f) Clearing members shall extend full co-operation and furnish such information and explanation as may be required for the purpose of any inspection or audit authorised by the relevant authority or other authorised official of the Stock Exchange/ Clearing Corporation into or in regard to any dealings, their settlement, accounting and/or other related matters.]³⁰

CHAPTER VI

CLEARING AND SETTLEMENT OF DEALS

A. DEALS FOR CLEARING AND SETTLEMENT

1. CLEARING AND SETTLEMENT OF DEALS

- (1) The CD Segment of Clearing Corporation shall clear and settle such deals as provided in the Bye Laws and Regulations and save as so provided, no other deals shall be cleared and settled.
- (2) Without prejudice to the generality of the above, the relevant authority may in its discretion and subject to such conditions as it may deem fit admit any other deals.

2. ADMISSION OF DEALS

- (1) Clearing and settlement shall be permitted on the Clearing Corporation in deals which are from time to time admitted on the CD Segment by the relevant authority in accordance with the provisions of the Bye Laws and Regulations.
- (2) The relevant authority may specify securities from time to time dealings on which may be admitted in accordance with the provisions of the Bye Laws and Regulations in that regard.
- (3) The relevant authority may specify stock exchanges from time to time dealings on which may be admitted for clearing and settlement by the CD Segment in accordance with the provisions of the Bye Laws and Regulations.

3. CONDITIONS AND REQUIREMENTS OF CLEARING AND SETTLEMENT

The relevant authority may grant admission of deals dealt in the Exchange provided all the conditions and requirements specified in the Bye Laws and Regulations and such other conditions and requirements as the relevant authority may prescribe from time to time are complied with.

4. REFUSAL OF ADMISSION OF DEALS

The relevant authority may, in its discretion, approve admission of deals or defer, or reject admission of deals for clearing and settlement on the CD Segment, subject to such terms as it deems fit.

³⁰ Inserted w.e.f. January 28, 2014.

5. SPECIFIC DEALS

The relevant authority may permit in appropriate cases as it may at its discretion decide from time to time specific deals to be cleared and settled through the CD Segment in case of securities which are not admitted or are for the time being prohibited or suspended.

6. SUSPENSION OF ADMISSION OF DEALS

The relevant authority may suspend at any time the admission of deals including of any security or of specified exchange on CD Segment for such period as it may determine and reinstate such deals subject to such conditions as it may deem fit.

7. WITHDRAWAL OF ADMISSION OF DEALS

The relevant authority may where it deems necessary withdraw the admission to dealings of a specified exchange either for breach of or non-compliance with any of the conditions or requirements of admission of dealings or for any other reason whatsoever.

8. READMISSION OF DEALS

The relevant authority in its discretion may readmit deals of a specified exchange which has been previously withdrawn.

B. CLEARING AND SETTLEMENT OF DEALS

9. CLEARING AND SETTLEMENT

- (1) Clearing and settlement of deals in the CD Segment may be on netted basis or gross basis or trade-for-trade basis or any other basis as may be specified by the relevant authority from time to time. Settlement shall be effected by clearing members giving and receiving delivery and paying and receiving funds as may be specified by the relevant authority from time to time in the Bye Laws and Regulations.
- [(2) The relevant authority may prescribe terms and conditions and processes and procedures for netting, from time to time.

Explanation: For the purpose of this Bye-law:

"Netting" means the determination by Clearing Corporation of net payment or delivery obligations of the clearing members of a recognised clearing corporation by setting off or adjustment of the inter se obligations or claims arising out of buying and selling of securities including the claims and obligations arising out of the termination by the Clearing Corporation or Stock Exchange, in such circumstances as the Clearing Corporation may specify in bye-laws, of the transactions admitted for settlement at a future date, so that only a net claim be demanded, or a net obligation be owed.

(A) Novation

1. Novation means the act of a clearing corporation interposing itself between both parties of every trade, being the legal counterparty to both.
2. The relevant authority may prescribe terms and conditions and processes and procedures to effect novation, from time to time.'

(B) Settlement and Netting

1. Payment and settlement in respect of a transaction between parties referred above, shall be final, irrevocable and binding on the parties. When a settlement has become final and irrevocable, the right of clearing corporation, to appropriate any collaterals or deposits or margins contributed by the trading member, clearing member or client towards its settlement or other obligations in accordance with the bye-laws shall take priority over any other liability of or claim against the said trading member, clearing member or client, as the case may be in terms of the applicable laws
2. The relevant authority may prescribe terms and conditions and processes and procedures in this regard, from time to time.'

(C) Guarantee of Settlement of Trades

1. The Clearing Corporation guarantees the completion of Clearing and settlement of deals admitted to it for clearing and settlement of obligations in terms of the provisions of these Bye-Laws and the Rules and Regulations of the Clearing Corporation
2. The relevant authority may prescribe terms and conditions and processes and procedures in respect of settlement guarantee, from time to time.
4. The relevant authority may from time to time exclude deals or classes of deals from the settlement guarantee mentioned in clause (1) above.]³¹

10. PRIVACY OF CONTRACT

- (1) Except as provided herein, clearing members giving and receiving delivery as provided in the Bye Laws and Regulations shall be deemed, notwithstanding that no direct contract may exist between them, to have made a contract with each other as sellers and buyers. However the rights and liabilities of delivering and receiving member in relation to their immediate contracting party shall not be deemed to be affected thereby except that the selling member (unless he be himself the delivering member) shall be released from all responsibility in regard to the title, ownership, genuineness, regularity and validity of the documents received by the receiving member and in regard to the loss and damages arising therefrom, which shall be dealt with in accordance with the provisions of Bye Laws and Regulations thereof.
- (2) In cases where the CD Segment may specify either generally or specifically, clearing members giving and receiving delivery and paying and receiving funds as provided in the Bye Laws and Regulations shall be deemed, notwithstanding that no direct contract exists between them, to have made a contract with the Clearing Corporation as sellers and buyers and between themselves as delivering and receiving members; provided further however that in such event the rights and liabilities of delivering and receiving member with the CD Segment shall not be deemed to be affected thereby except that the CD Segment shall not be responsible in respect of the title, ownership, genuineness, regularity and validity of the documents delivered or received and in regard to the loss and damages arising therefrom, which shall be dealt with in accordance with the provisions of Bye Laws and Regulations.
- (3) Notwithstanding anything contained above, the Clearing Corporation may specify either generally or specifically, where Clearing Members clearing and settling deals as provided in the Bye laws and Regulations shall be deemed, notwithstanding that no direct contract exists between them, to have made a contract between themselves as buyers and sellers and where such contract shall be submitted with the Clearing Corporation as the buyer to the seller and as the seller to the buyer.

11. ARRANGEMENT FOR CLEARING AND SETTLEMENT

- (1) Clearing and settlement of deals shall be effected by clearing members by adopting and using such arrangements, systems, agencies or procedures as may be specified by the relevant authority from time to time. Without prejudice to the generality of the above, the relevant authority may prescribe or specify from time to time such custodial, depository and other services for adoption and use by clearing members and their constituents to facilitate smooth operation of the clearing and settlement arrangement or system.
- (2) The clearing and settlement function may be performed by the CD Segment or it may take assistance of any agency identified by the relevant authority for the purpose. The Clearing Corporation will act as the central counterparty to all trades and will provide full novation.
- (3) Save as otherwise expressly provided in the Bye Laws and Regulations, when funds are cleared and/or settled under a specified arrangement, the settlement responsibility shall rest wholly and solely upon the counter parties to the contract and/or the concerned clearing members as the case may be and the Clearing Corporation shall act as the common agent of the clearing members receiving and paying funds, without incurring any liability or obligation as a

³¹ Inserted w.e.f. January 28, 2014.

principal.

12. OPERATIONAL PARAMETERS FOR CLEARING

- (1) The relevant authority may determine and announce from time to time operational parameters regarding clearing of deals through the Clearing Corporation in the CD Segment which the clearing members shall adhere to.
- (2) The operational parameters may, inter alia, include:
 - (a) clearing/exposure limits allowed which may include clearing/exposure limits with reference to networth and capital adequacy norms;
 - (b) clearing volumes and limits at which it will be incumbent for clearing members to intimate the CD Segment;
 - (c) fixation of delivery lots for different settlement types;
 - (d) other matters which may affect smooth operation of clearing of deals keeping in view larger interest of the public;
 - (e) determining types of deals permitted for a clearing member and for a security;
 - (f) determining functional details of the clearing and settlement system including the system design, user infrastructure and system operation.

13. CLEARING HOURS

- (1) The hours for clearing and settling of CD Segment of the Clearing Corporation shall be during such time as may be decided by the relevant authority from time to time. The relevant authority may, from time to time, specify clearing hours for different types of deals and different clearing sub segments or divisions of the CD Segment.
- (2) The relevant authority may declare a list of holidays in a calendar year. The relevant authority may from time to time alter or cancel any of the holidays fixed in accordance with these provisions. It may, for reasons to be recorded, suspend clearing and settlement operations in the CD Segment on days other than or in addition to holidays.

14. CLOSING OUT

- (1) A deal admitted for clearing and settlement may be transferred to another clearing member with his consent on the failure of a clearing member to comply with any of the provisions relating to delivery, payment and settlement of deals or on any failure to fulfill the terms and conditions subject to which the deal has been made, or such other circumstances as the relevant authority may specify from time to time. The deal may be transferred to another clearing member by the Clearing Corporation in such manner, within such time frame, and subject to such conditions and procedures as the relevant authority may prescribe from time to time.
- (2) A deal admitted for clearing and settlement may be closed out on failure of a clearing member to comply with any of the provisions relating to delivery, payment and settlement of deals or on any failure to fulfill the terms and conditions subject to which the deal has been made, or such other circumstances as the relevant authority may specify from time to time. The deal may be closed out by the Clearing Corporation in such manner, within such time frame and subject to such conditions and procedures as the relevant authority may prescribe from time to time.
- (3) Without prejudice to the generality of the foregoing, the relevant authority may close out deals, inter alia, by buying in or selling out against a clearing member as follows:-
 - (a) in case of the selling clearing members, on failure to complete delivery on the due date; and
 - (b) in case of the buying clearing members, on failure to pay the amount due on the due date,
 - (c) and any loss, damage or shortfall sustained or suffered as result of such closing out shall be payable by the clearing members who failed to give due delivery or to pay amount due.

15. FAILURE TO MEET OBLIGATIONS

In the event a clearing member fails to meet obligations to the Clearing Corporation arising out of clearing and settlement operations of admitted deals, the relevant authority may charge such interest, impose such penalties and fines and take such disciplinary action against the clearing member as it may determine from time to time. Any disciplinary action which the relevant authority takes pursuant to the above shall not affect the obligations of the clearing member to the Clearing Corporation or any remedy to which the Clearing Corporation may be entitled under applicable law.

CHAPTER VII

DEALINGS BY CLEARING MEMBERS

1. JURISDICTION

- (1) All deals admitted by the Clearing Corporation in its CD Segment for clearing and settlement shall be deemed to have been entered into in the city of Mumbai unless provided otherwise expressly by the relevant authority.
- (2) The relevant authority may, from time to time, specify deals as subject to a particular jurisdiction, having regard to the type or nature of the deal, the exchange on which the deal was struck and other relevant factors.

2. RECORD FOR EVIDENCE

The record of the CD Segment as maintained by a central processing unit or a cluster of processing units or computer processing units, whether maintained in any other manner shall constitute the agreed and authentic record in relation to any deals cleared and settled through the Clearing Corporation. For the purposes of any disputes regarding clearing and settlement of deals, the records as maintained by the CD Segment shall constitute valid evidence in any dispute or claim between the constituents and the clearing member or between the clearing members inter-se or between the clearing members and the CD Segment.

3. CLEARING MEMBER ONLY PARTIES TO DEALS

The Clearing Corporation in its CD Segment does not recognise as parties to deals any persons other than its own clearing members, and every clearing member is directly and wholly liable in accordance with whom such clearing member has any deal for due fulfillment of the deal or to the CD Segment as may be specified by the relevant authority, whether such deal be for account of the clearing member effecting it or for account of a constituent.

4. ALL DEALS SUBJECT TO RULES, BYE LAWS AND REGULATIONS

All deals shall be made subject to the Rules, Bye Laws and Regulations and this shall be a part of the terms and conditions of all such deals and the deals shall be subject to the exercise by the relevant authority of the powers with respect thereto vested in it by the Bye Laws, Rules and Regulations.

5. INVIOABILITY OF ADMITTED DEALS

- (1) All the dealings on the CD Segment of the Clearing Corporation made subject to the Byelaws, Rules and Regulations shall be inviolable and shall be cleared and settled in accordance with the Byelaws, Rules and Regulations. However, the Clearing Corporation may by a notice annul the deal(s) on an application by a Clearing Member in that behalf, if the relevant authority is satisfied after hearing the other party/parties to the deal(s) that the deal(s) is /are fit for annulment on account of fraud or willful misrepresentation or material mistake in the deal.
- (2) Notwithstanding anything contained in clause (1) above, the Clearing Corporation may, to protect the interest of investors and for proper regulation of the securities market, suo motu annul deal(s) at any time if the relevant authority is satisfied for reasons to be recorded in writing that such deal(s) is/ are vitiated by fraud, material mistake, misrepresentation or market or price manipulation and the like.
- (3) Any annulment made pursuant to clauses (1) and (2) above, shall be final and binding upon the parties to deal(s). In such an event, the Clearing Member shall be

entitled to cancel the relevant deal(s) with its constituents.

6. **DEALS BY REPRESENTATIVE CLEARING MEMBERS**

A clearing member may authorise another clearing member to act as his representative for a specified period with the prior permission of the relevant authority.

7. **INDEMNITY**

The Clearing Corporation shall not be liable for any activity of the clearing member or any person acting in the name of the clearing member whether authorised or unauthorised including deals cleared and settled through the Clearing Corporation in the CD Segment save and except as and to the extent provided in the Bye Laws and Regulations.

CHAPTER VIII

MARGINS

1. **MARGIN REQUIREMENTS**

- (1) The relevant authority may from time to time prescribe requirements of margins for deals cleared and settled through the Clearing Corporation in the CD Segment and the clearing member shall furnish such margin as a condition precedent.
- (2) Every Clearing Member has a continuing obligation to maintain margins at such levels and during such periods as may be stipulated by the Clearing Corporation from time to time.

2. **FORM OF MARGIN**

The margins to be provided by a clearing member under the Bye Laws and Regulations in the CD Segment shall be in cash. The relevant authority may at its discretion accept deposit receipts, guarantee of a bank(s) approved by the relevant authority or securities approved by it or such other mode as may be approved and subject to such terms and conditions as the relevant authority may impose from time to time. Any such substitute like deposit receipt, securities approved by it or any other mode duly approved shall be deemed to have been pledged and/or hypothecated as the case may be in favour of the Clearing Corporation in respect of CD Segment.

3. **QUANTUM OF MARGIN**

The Clearing Member depositing margins, in the form of securities by way of pledge or otherwise or in such other mode as may be specified by the relevant authority from time to time, shall always maintain the value thereof at not less than the quantum of margin required for the time being covered by them by providing further security to the satisfaction of the relevant authority which shall determine the said value and whose valuation shall conclusively fix the amount of any deficiency to be made up from time to time.

4. **MARGIN TO BE HELD BY THE CLEARING CORPORATION IN RESPECT OF CD SEGMENT**

The margins shall be held by the Clearing Corporation in respect of CD Segment and when they are in the form of bank deposit receipts and securities, such receipts and securities may be transferred to such persons or to the name of a custodian or such other entity approved by the Clearing Corporation. All margin deposits shall be held by the Clearing Corporation and/or by the approved persons and/or by the approved custodian in such form and on such account as the Clearing Corporation may deem fit without any right whatsoever on the part of the depositing clearing member or those in its right to call in question the exercise of such discretion.

5. **LIEN ON MARGINS**

The monies paid by way of margin or bank deposit receipts or other securities or assets pledged or hypothecated by a clearing member in lieu of margin under the provisions of the Bye Laws and Regulations shall be subject to a first and paramount lien for all sums due to the Clearing Corporation in respect of CD Segment. Margin shall be

available in preference to all other claims against the clearing member for the due fulfillment of his obligations and liabilities arising out of or incidental to any deals made subject to the Bye Laws, Rules and Regulations or anything done in pursuance thereof.

6. UTILISATION FOR FAILURE TO MEET OBLIGATIONS

In the event a clearing member fails to meet obligations to the Clearing Corporation arising out of clearing and settlement operations of such deals on CD Segment as provided in the Bye Laws and Regulations, the relevant authority shall be entitled to utilise any amount paid by the said clearing member in the form of margin or any other payment retained by the Clearing Corporation for the purpose of clearing and settlement on the CD Segment.

7. EVASION OF MARGIN REQUIRMENTS FORBIDDEN

A clearing member shall not directly or indirectly enter into any arrangement or adopt any procedure for the purpose of evading or assisting in the evasion of the margin requirements specified under the Bye Laws and Regulations.

8. SUSPENSION ON FAILURE TO PAY MARGIN

If a clearing member fails to pay margin as required in the Bye Laws and Regulations, the relevant authority may take such action as it may deem fit and specify from time to time including suspension.

9. INTEREST, DIVIDEND AND CALLS

- (1) The receiving member shall be entitled to receive all vouchers, coupons, dividends, cash bonus, bonus issues, rights and other privileges which may relate to securities bought cum voucher, cum coupons, cum dividends, cum cash bonus, cum bonus issues, cum rights etc. The delivering member shall be entitled to receive all vouchers, coupons, dividends, cash bonus, bonus issues, rights and other privileges which may relate to securities sold ex voucher, ex coupons, ex dividends, ex cash bonus, ex bonus issues, ex rights etc.
- (2) The manner, mode, information requirements, alterations, date and timing etc., of adjustment with respect to vouchers, coupons, dividends, cash bonus, bonus issues, rights and other privileges between the receiving and delivering member shall be as specified by the relevant authority from time to time. Save as otherwise provided in the Bye Laws and Regulations, the clearing members shall be responsible between themselves and to their constituents for effecting such adjustments.
- (3) In respect of a deal in securities which shall become or are exchangeable for new or other securities under a scheme of reconstruction or reorganisation, the delivering member shall deliver to the receiving member, as the relevant authority directs, either the securities contracted for or the equivalent in securities and/or cash and/or other property receivable under such scheme of reconstruction or reorganisation.

10. CLEARING FEES

The relevant authority may prescribe from time to time fees, charges and recoveries to be levied on the clearing members in respect of clearing and settlement of deals.

CHAPTER IX

**RIGHTS AND LIABILITIES OF CLEARING MEMBERS AND
CONSTITUENTS**

1. MARGIN FROM CONSTITUENTS

A clearing member shall demand from his constituent the margin he has to provide under the Rules, Bye Laws and Regulations in respect of the business done by him for such constituent. A clearing member shall also demand and collect an initial margin in cash and securities from his constituent before undertaking to clear his obligations and to stipulate that the constituent shall pay a margin or furnish additional margin as may be

specified by the CD Segment of the Clearing Corporation from time to time. The constituent shall when from time to time called upon to do so forthwith pay margins and furnish additional margins as required under the Rules, Bye Laws and Regulations in respect of his obligations and as agreed upon by him with the clearing member concerned.

All deals subject to Bye Laws, Rules and Regulations

- (1A) All deals done on the Clearing Corporation made by a clearing member in CD Segment shall in all cases be deemed made subject to the Bye Laws, Rules and Regulations of the CD Segment of the Clearing Corporation. This shall be a part of the terms and conditions of all such contracts and shall be subject to the exercise by the relevant authority of the powers with respect thereto vested in it by the Bye Laws, Rules and Regulations of the CD Segment of the Clearing Corporation.

2. CONSTITUENT IN DEFAULT

- (1) A clearing member shall not transact business directly or indirectly for a constituent who to his knowledge is in default to another clearing member unless such constituent shall have made a satisfactory arrangement with the clearing member who is his creditor.
- (2) On the application of a creditor clearing member who refers or has referred to arbitration his claim against the defaulting constituent as provided in the Rules, Bye Laws and Regulations, the relevant authority shall issue orders against any clearing members restraining them from paying or delivering to the defaulting constituent any monies or securities up to an amount or value not exceeding the creditor member's claim payable or deliverable by him to the defaulting constituent in respect of deals subject to the Bye Laws, Rules and Regulations, which moneys and securities shall be deposited with the CD Segment. The moneys and securities deposited shall be disposed of in terms of the award in arbitration and pending a decree shall be deposited with the concerned Court when filing the award unless the creditor clearing member and the defaulting constituent mutually agree otherwise.
- [2A. If he, being an individual and/ or Partnership firm, has been adjudicated as an insolvent or it, being a Company incorporated under the Companies Act, has been ordered to be wound up by a court of law in the petition filed by any of his creditors, as the case may be, he/ it shall ipso facto be declared a defaulter though he/ it may not have at the same time defaulted on any of his/ its obligations on the Clearing Corporation.
- 2B. If he, being an individual and/ or Partnership firm, / it, being a Company incorporated under the Companies Act, files a petition before a Court of law for adjudication of himself as an insolvent or for its winding up, as the case may be, he/ it shall ipso facto be declared a defaulter though he/ it may not have at the same time defaulted on any of his/ its obligations on the Clearing Corporation.]³²

3. CLOSING-OUT OF CONSTITUENT'S ACCOUNT

Unless otherwise specified by the relevant authority from time to time, when closing- out the account of a constituent a clearing member may assume or take over such deals to his own account as a principal at prices which are fair and justified by the condition of the market or he may close-out in the open market and any expense incurred or any loss arising therefrom shall be borne by the constituent.

4. CLEARING MEMBER NOT LIABLE TO ATTEND TO REGISTRATION OF TRANSFER

Unless otherwise specified by the relevant authority from time to time, a clearing member shall not be deemed to be under any obligation to attend to the transfer of securities and the registration thereof in the name of the constituent. If it attends to such work in the ordinary course or at the request or desire or by the consent of the constituent it shall be deemed to be the agent of the constituent in the matter and shall not be responsible for loss in transit or for the company's refusal to transfer not be under any other liability or

³² Inserted w.e.f. January 28, 2014.

obligation other than that specifically imposed by the Rules, Bye Laws and Regulations. The stamp duty, the transfer fees and other charges payable to the company, the fee for attending to the registration of securities and all incidental expenses such as postage incurred by the clearing member shall be borne by the constituent.

5. REGISTRATION OF SECURITIES WHEN IN THE NAME OF CLEARING MEMBER OR NOMINEE

- (1) When the time available to the constituents of a clearing member is not sufficient for them to complete transfers and lodge the securities for registration before the closing of the transfer books and where the security is purchased cum interest, dividend, bonus or rights which the company may have announced or declared, the clearing member may register the securities in its or its nominee's name and recover the transfer fee, stamp duty and other charges from the buying constituent.
- (2) The clearing member shall give immediate intimation to the CD Segment the names of such constituents and details of the deals as may be specified by the relevant authority from time to time. The clearing member shall also give immediate intimation thereof to the buying constituent and shall stand indemnified for the consequences of any delay in delivery caused by such action.
- (3) The clearing member shall be obliged to re-transfer the security in the name of the original constituent as soon as it has become ex interest, dividend, bonus or rights.

6. CLOSING-OUT BY CONSTITUENT ON FAILURE TO PERFORM A DEAL

If a clearing member fails to complete the performance of a deal by delivery or payment in accordance with provisions of the Rules, Bye Laws and Regulations, the constituent shall, after giving notice in writing to the clearing member, close out such deal through any other clearing member as soon as possible and any loss or damages sustained as a result of such closing out shall be immediately payable by the defaulting clearing member to the constituent. If the closing out be not effected as provided herein, the damages between the parties shall be determined on such basis as may be specified by the relevant authority from time to time and the constituent and the clearing member shall forfeit all further rights of recourse against each other.

7. COMPLAINT BY CONSTITUENT

When a complaint has been lodged by a constituent with the relevant authority that any clearing member has failed to perform his dealings, the relevant authority shall investigate the complaint and if it is satisfied that the complaint is justified it may take such disciplinary action as it deems fit in accordance with the provisions contained in Chapter V of the Rules of the Futures & Options Segment of the Clearing Corporation.

8. RELATIONSHIP BETWEEN CLEARING MEMBER AND CONSTITUENT

Without prejudice to any other law for the time being in force and subject to these Bye Laws, the mutual rights and obligations inter se between the clearing members and their constituents shall be such as may be specified by the relevant authority from time to time.

CHAPTER X

ARBITRATION

1. All claims, disputes, differences, arising between Clearing Members and Constituents or between Clearing Members inter se arising out of or related to deals admitted for clearing and settlement by the Clearing Corporation in respect of CD Segment or with reference to anything done in respect thereto or in pursuance of such deals shall be referred to and decided by arbitration as provided in the Rules, Byelaws and Regulations of the MCX Stock Exchange Limited if the deal originated from it or in pursuance thereof.
2. All claims, disputes, differences, arising between Clearing Members and Constituents or

between Clearing Members inter se arising out of or related to deals admitted for clearing and settlement by the Clearing Corporation in respect of CD Segment or with reference to anything done in respect thereto or in pursuance of such deals shall be referred to and decided by Arbitration as provided in the Rules, Byelaws and Regulations if the deal originated from any Exchange other than the MCX Stock Exchange Limited or in pursuance thereof. The provisions of these Byelaws providing for such Arbitration are as hereunder:

(1) **Definitions**

- (a) 'arbitrator' shall mean a sole arbitrator or a panel of arbitrators.
- (b) 'Act' shall mean the Arbitration and Conciliation Act, 1996 and includes any statutory modification, replacement or re-enactment thereof, for the time being in force.

Reference to Arbitration

- (2) All claims, differences or disputes between the Clearing Members inter se and between Clearing Members and Constituents arising out of or in relation to dealings, contracts and transactions admitted for clearing and settlement on the Clearing Corporation subject to the Bye-Laws, Rules and Regulations or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfilment or the rights, obligations and liabilities of the parties thereto shall be submitted to arbitration in accordance with the provisions of these Byelaws and Regulations.

Provisions of these Bye laws and Regulations deemed to form part of all dealings, contracts and transactions

- (3) In all dealings, contracts and transactions, which are admitted for clearing and settlement on the Clearing Corporation subject to the Byelaws, Rules and Regulations, the provisions relating to arbitration as provided in these Byelaws and Regulations shall form and shall be deemed to form part of the dealings, contracts and transactions and the parties shall be deemed to have entered into an arbitration agreement in writing by which all claims, differences or disputes of the nature referred to in Byelaw (2) above shall be submitted to arbitration as per the provisions of these Byelaws and Regulations.

Limitation period for reference of claims, differences or disputes for arbitration

- [(4) All claims, differences or disputes referred to in Bye law 2 above shall be submitted to arbitration within the period prescribed under the Limitation Act, 1963.]

Power of the relevant authority to prescribe Regulations

- (5) (a) The relevant authority may, from time to time prescribe Regulations for the following:
 - (i) the procedure to be followed by the parties in arbitral proceedings. In particular, and without prejudice to the generality of the foregoing power, such procedure may, inter alia, provide for the following:

³³ Substituted with effect from June 1, 2012. Prior to the amendment Bye-law 2(4) read as under:

"(4) All claims, differences or disputes referred to in Byelaw (2) above shall be submitted to arbitration within six months from the date on which the claim, difference or dispute arose or shall be deemed to have arisen. The time taken in conciliation proceedings, if any, initiated and conducted as per the provisions of the Act and the time taken by the relevant authority to administratively resolve the claims, differences or disputes shall be excluded for the purpose of determining the period of six months."

- (a) the forms to be used; (b) the fees to be paid;
- (c) the mode, manner and time period for submission of all pleadings by both the parties;
- (d) matters relating to requests from the parties for amending or supplementing the pleadings; and
- (e) the consequences upon failure to submit such pleadings by the parties.
- (ii) the procedure to be followed by the arbitrator in conducting the arbitral proceedings. In particular, and without prejudice to the generality of the foregoing power, such procedure may, inter alia, provide for
 - (a) adjournment of hearings; and
 - (b) terms and conditions subject to which the arbitrator may appoint experts to report on specific issues and the procedure to be followed in arbitral proceedings upon such an appointment.
 - (c) passing interim orders / directions if deemed fit.
- (iii) Different set of arbitration procedures for different claims, differences or disputes after taking into consideration such circumstances and facts as the relevant authority may deem fit which circumstances and facts may include the value of the subject matter and the persons who are involved as parties to such claims, differences or disputes.
- (iv) creation of seats of arbitration for different regions or prescribing geographical locations for conducting arbitrations and prescribing the courts which shall have jurisdiction for the purpose of the Act.
- (v) The claims, differences or disputes which may be referred to a sole arbitrator and the claims, differences or disputes which may be referred to a panel of arbitrators.
- (vi) The procedure for selection of persons eligible to act as arbitrators.
- (vii) The procedure for appointment of arbitrator.
- (viii) The terms, conditions and qualifications subject to which any arbitrator may be appointed.
- (ix) determination of the number of arbitrators in the case of a panel of arbitrators.
- (x) the time period within which a substitute arbitrator has to be appointed in case the office of the arbitrator falls vacant for any reason whatsoever.
- (xi) The matters to be disclosed by any person who is approached in connection with his possible appointment as an arbitrator.
- (xii) The procedure to be adopted by the parties for challenging the appointment of an arbitrator.
- (xiii) (a) The claims, differences or disputes which, may be decided by the arbitrator without a hearing unless either party in writing requests the relevant authority for a hearing and the time period within which such a request shall be made.
 - (b) The claims, differences or disputes which, may be decided by the arbitrator only by hearing the parties unless both the parties jointly waive the right to such hearing and the time period within which such a waiver shall be made.
- (xiv) The place of arbitration for each reference and the places where the arbitrator can meet for consultation, for hearing witnesses, experts, or the parties, or for inspection of documents, goods or other property.
- (xv) The making of the arbitral award including the manner in which a decision is to be taken in the case of panel of arbitrators and the form and contents of the arbitral award.

The term arbitral award shall also include an arbitral award on agreed terms. Prescriptions as to the contents of the arbitral award may include provisions for costs and where the arbitral award is for the payment of money, may include interest payable on principal sum due.

- (xvi) The amount of deposit or supplementary deposit, as the case may be, as an advance for the costs which it expects will be incurred in respect of the claim, difference or dispute; provided where a counter claim is submitted to the arbitrator, a separate amount of deposit for the counter-claim may also be specified.
- (xvii) The administrative assistance which the CD Segment may render in order to facilitate the conduct of arbitral proceedings.
- (xviii) All matters regarding the mode and the manner of service of notices and communications by the parties including communication addressed to arbitrator.
- (xix) Any other matter which in the opinion of the relevant authority is required to be dealt with in the Regulations to facilitate arbitration.
- (5) (b) The relevant authority from time to time may amend, repeal, modify, alter, or add to the provisions of the Regulations.

Disclosure by persons to be appointed as arbitrators

- (6) Every person who is approached in connection with his possible appointment as an arbitrator shall disclose to the relevant authority in writing any circumstances likely to give rise to justifiable doubts as to his independence and impartiality. If the person discloses any circumstances which in the opinion of the relevant authority are likely to give rise to justifiable doubts as to his independence and impartiality, then he shall not be appointed as an arbitrator.

Disclosure by persons appointed as arbitrators

- (7) An arbitrator, from the time of his appointment and throughout the arbitral proceedings, shall, without delay, disclose to the relevant authority in writing any circumstances referred to in Byelaw (6) above which have come to the his knowledge after his appointment as an arbitrator.

Termination of mandate of the arbitrator

- (8) The mandate of the arbitrator shall terminate if
 - (a) the arbitrator withdraws from office for any reason; or
 - (b) in the opinion of the relevant authority, the arbitrator becomes de jure or de facto unable to perform his functions or for other reasons fails to act without undue delay including failure to make the arbitral award within the time period specified by the relevant authority. Such a decision of the relevant authority shall be final and binding on the parties; or
 - (c) the mandate of the arbitrator is terminated by the relevant authority upon receipt of written request for the termination of the mandate of the arbitrator from both the parties to arbitration; or
 - (d) the arbitrator discloses any circumstances referred to in Byelaws (6) and (7) which in the opinion of the relevant authority are likely to give rise to justifiable doubts as to his independence and impartiality; or
 - (e) the arbitral proceedings are terminated as provided for herein. Supplying of vacancy to the office of the arbitrator
- (9) At any time before the making of the arbitral award should the office of the arbitrator fall vacant for any reason whatsoever including any vacancy due to the illness or death of the arbitrator or termination of the mandate of the arbitrator by the relevant authority or otherwise, the vacancy shall be supplied by the relevant authority by following the same procedure as specified by it for appointment of the arbitrator.

Consideration of recorded proceedings and evidence

- (10) Unless otherwise agreed by parties, any arbitrator who has been appointed by the relevant authority to supply a vacancy to the office of the arbitrator, may repeat any hearings previously held.

Order or ruling of previous arbitrator not invalid

- (11) An order or ruling of the arbitrator made prior to the termination of his mandate shall not be invalid solely because his mandate has been terminated; provided that when the termination has been effected pursuant to Byelaw (7) (d),

the order or ruling of the arbitrator made prior to termination of his mandate shall become invalid unless otherwise agreed upon by the parties. Interim arbitral award and interim measures ordered by the arbitrator

- (12) The arbitrator may be empowered to make an interim arbitral award as well as to provide interim measures of protection. An arbitrator may require a party to provide appropriate security in connection with an interim measure.

Appearance in arbitral proceedings by counsel, attorney or advocate

- (13) In arbitral proceedings where both the parties are Clearing Members, the parties shall not be permitted to appear by counsel, attorney or advocate but where one of the parties is a Constituent, then the Constituent shall be permitted to appear by counsel, attorney or advocate. If the Constituent chooses to appear by counsel, attorney or advocate, then the Clearing Member shall be granted a similar privilege.

- [(14) (a) Time for appointment of Arbitrator

Where an arbitration application is made, the appointment of arbitrator or panel of arbitrators, shall be completed within thirty days of receipt of the application.

- (b) Adjournment

Adjournment, if any, shall be granted by the arbitrator only in exceptional cases, for bonafide reasons to be recorded in writing.

- (c) Time for Completion of Arbitration

The arbitrator(s) shall conclude the arbitration reference within four months from the date of their appointment, by issuance of an arbitral award.

- (d) Request for extension

The time for making an arbitral award may be extended for a total period not exceeding two months by Relevant Authority on an application by either party or the arbitrator(s), for sufficient cause to be recorded in writing.]³⁴

[Implementation of Arbitral Award

- (14A) Notwithstanding anything contained in the Bye-laws, in cases where the arbitral award or appellate arbitral award is passed against the Clearing Member and in favour of a Constituent, the Clearing Corporation shall debit from the deposits or other monies of the Clearing Member lying with the Clearing Corporation, the amount of award payable to the awardee together with interest payable, if any, till the date of debit after setting off the counter claim of the Clearing Member and /or its Constituent allowed under the award, if any, and keep aside the said amount in a separate account to be dealt with in such manner as mentioned in Bye-laws 2(14B) and 2(14C) of Chapter X.

Provided however, where the award is for the delivery of securities, the Clearing Corporation may consider the closing price of such securities on the Stock Exchange as on the date of the award or such other date the Relevant Authority may specify to be reasonable, stating reasons for arriving at the value of such securities and award amount."

Payment of Debited Amount

- (14B) (a) Arbitral Award: - Where the Clearing Member chose not to prefer an appeal under Bye-law 19 within the time permissible there under, the amount debited under Bye-

³⁴ Substituted with effect from June 1, 2012. Prior to substitution the Bye-Law 2(14) read as under:

Arbitral award by arbitrator

"(14) The arbitrator shall make the arbitral award within one month from the date of entering upon the reference and the time to make the award may be extended from time to time by the Relevant Authority on an application by either of the parties or the arbitrator as the case may be.

For the purpose of this Byelaw the arbitrator shall be deemed to have entered upon a reference on the date on which the arbitrator has or is deemed to have applied his mind."

law 14A shall be paid, together with the interest earned thereon, to the awardee.

(b) **Appellate Arbitral Award:-** Where an appeal is preferred by the Clearing Member under Bye-law 19 and the appellate arbitral tribunal makes an appellate arbitral award against the Clearing Member the Clearing Corporation shall pay the awarded amount to the awardee from the amount debited under Bye-law 14A:-

- (i) where no application is made by the Clearing Member under Section 34 of the Arbitration and Conciliation Act, 1996 to challenge such arbitral award within the limitation period for making such application, upon expiry of such limitation period;
- (ii) where such an application is made by the Clearing Member, and no stay is granted by the court within three months from the date of receipt of appellate arbitral award by him, upon completion of such three months;
- (iii) in any other case, upon dismissal of the application by the court.

Reversal of Debit in Certain Cases

- (14C) Where the arbitral award or the appellate arbitral award against the Clearing Member has been set aside or has been modified by reduction of awarded amount, and such setting aside or modification has attained finality, the Clearing Corporation may reverse the debit, in full or in part, as the case may be, and pay the reduced amount, if any, to the awardee.]³⁵

Arbitration proceedings subject to the provisions of the Act

- (15) The arbitration proceedings as provided for by the provisions of these Byelaws and Regulations shall be subject to the provisions of the Act to the extent not provided for in these Byelaws or the Regulations.

Construction of references

- (16) For the purposes of section 2(6) of the Act, in all claims, differences or disputes which are required to be submitted to arbitration as per the provisions of these Byelaws and the Regulations, wherever Part A of the Act leaves the parties free to determine a certain issue, the parties shall be deemed to have authorised the relevant authority to determine that issue.

Administrative assistance

- (17) For the purpose of section 6 of the Act, in all claims, differences or disputes which are required to be submitted to arbitration as per the provisions of these Byelaws and Regulations, the parties shall be deemed to have arranged for administrative assistance of the relevant authority in order to facilitate the conduct of the arbitral proceedings.

Jurisdiction

- (18) All parties to a reference to arbitration under these Byelaws and Regulations and the persons, if any, claiming under them, shall be deemed to have submitted to the exclusive jurisdiction of the courts in Mumbai or any other court as may be specified by the relevant authority for the purpose of giving effect to the provisions of the Act.

[Appellate Arbitration]

- (19) Any party aggrieved by an arbitral award made under these Bye-laws shall have a right of appeal, in terms of the following:-
- (a) A party aggrieved by an arbitral award may appeal against such award to the appellate panel of arbitrators to be constituted by the Clearing Corporation within one month from the date of receipt of arbitral award.
 - (b) The Relevant Authority shall thereupon constitute an appellate panel consisting of three arbitrators who shall be different from the ones who

³⁵ Inserted with effect from June 1, 2012.

- passed the arbitral award appealed against.
- (c) Such constitution of appellate panel of arbitrators shall be completed by Relevant Authority within thirty days from the date of receipt of the appeal.
 - (d) The appeal shall be disposed of within three months from the date of appointment of appellate panel of arbitrators, through issuance of an appellate arbitral award.
 - (e) The time for making an appellate arbitral award may be extended for a total period not exceeding two months by the Relevant Authority on an application by either party or the appellate panel of arbitrators, for sufficient cause to be recorded in writing.
 - (f) A party aggrieved by the appellate arbitral award may file an application to the Court of competent jurisdiction to challenge the appellate award in accordance with Section 34 of the Arbitration and Conciliation Act, 1996.
 - (g) Except where specific provision is made in this Bye-law, the provisions of Bye-laws (4) to (18) and the Regulations shall, so far as may be, apply to appellate arbitrators, appellate arbitration proceedings and appellate arbitral award.³⁶
3. The provisions of Byelaws (1) & (2) shall become applicable to all claims, differences, disputes between the parties mentioned therein for all dealings, contracts and transactions admitted for clearing and settlement on the Clearing Corporation in respect of CD Segment and made subject to the byelaws, rules and regulations provided such dealings, contracts and transactions had been entered into between the parties mentioned therein prior to or to the date on which the Clearing Member was either declared a defaulter or expelled or has surrendered his trading membership.

CHAPTER XI

DEFAULT

1. DECLARATION OF DEFAULT

A clearing member may be declared a defaulter by direction/circular/notification of the relevant authority of the segment if:

- (1) he is unable to fulfill his clearing, settlement or obligations; or
- (2) he admits or discloses his inability to fulfill or discharge his duties, obligations and liabilities; or
- (3) he fails or is unable to pay within the specified time the damages and the money difference due on a closing-out effected against him under the Rules, Bye Laws and Regulations; or
- (4) he fails to pay any sum due to the Clearing Corporation as the relevant authority may from time to time prescribe; or
- (5) if he fails to pay or deliver all moneys, securities and other assets due to a clearing member who has been declared a defaulter within such time of declaration of default of such clearing member in such manner and to such person as the relevant authority may direct; or
- (6) if he fails to abide by the arbitration award as laid down under the Rules, Bye Laws and Regulations; or
- (7) if he has been adjudicated as an insolvent by a court of competent jurisdiction in the petition filed by any of his creditors, he shall ipso facto be declared a defaulter though he may not have at the same time defaulted on any of his obligations on the Clearing Corporation; or
- (8) if he files a petition before a court of competent jurisdiction for adjudication of himself as an insolvent; or
- (9) under any other circumstances as may be decided by the relevant authority

³⁶ Inserted with effect from June 1, 2012.

from time to time.

- [1A. Where the clearing member is declared defaulter on any Clearing Segment of the Clearing Corporation, he shall also be immediately declared defaulter on all other Clearing Segments of the Clearing Corporation in which he may hold membership.]³⁷
- [2. Without prejudice to the foregoing provisions contained in Byelaw (1) of this chapter, where a clearing member, who is also a member/trading member of any of the recognised Stock Exchanges or a clearing member of any clearing corporation, is declared a defaulter by such Stock Exchange or clearing corporation, the said clearing member shall ipso facto³⁸ stand declared a defaulter by the Relevant Authority across all the Clearing Segments.]
- [2A. If he, being an individual and/ or Partnership firm, has been adjudicated as an insolvent or it, being a Company incorporated under the Companies Act, has been ordered to be wound up by a court of law in the petition filed by any of his creditors, as the case may be, he/ it shall ipso facto be declared a defaulter though he/ it may not have at the same time defaulted on any of his/ its obligations on the Clearing Corporation.
- 2B. If he, being an individual and/ or Partnership firm, / it, being a Company incorporated under the Companies Act, files a petition before a Court of law for adjudication of himself as an insolvent or for its winding up, as the case may be, he/ it shall ipso facto be declared a defaulter though he/ it may not have at the same time defaulted on any of his/ its obligations on the Clearing Corporation.]³⁹
- [3. Notwithstanding anything contained in the Bye-laws and Rules of the Clearing Corporation, if a clearing member is declared defaulter, the relevant authority may take appropriate action against the associates of such defaulter member."

Explanation 1: For the purpose of Bye-law 3, the term "associate" shall include a person, -

- who, directly or indirectly, by itself, or in combination with other persons, exercises control over the member, whether individual, body corporate or firm or holds substantial share of not less than 15% in the capital of such member; or
- in respect of whom the member, individual or body corporate or firm, directly or indirectly, by itself or in combination with other persons, exercises control; or
- whose director or partner is also a director or partner of the member, body corporate or the firm, as the case may be.

Explanation 2: The expression "control" shall have the same meaning as defined in clause (c) of sub-regulation (1) of regulation 2 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.]⁴⁰

4. CLEARING MEMBER'S DUTY TO INFORM

³⁷ Inserted with effect from June 1, 2012.

³⁸ Substituted with effect from June 1, 2012. Prior to this Bye-law 2 read as under:

Without prejudice to the foregoing provisions contained in Byelaw (1) of this chapter, where a clearing member, who is also a member/ trading member of any of the recognised Stock Exchanges, is declared a defaulter by such Stock Exchange, the said clearing member shall ipso facto stand declared a defaulter by the Relevant Authority.

³⁹ Inserted w.e.f. January 28, 2014.

⁴⁰ Substituted with effect from June 1, 2012. Prior to this Bye-law 3 read as under:

Notwithstanding anything contained in the Byelaws and Rules of Clearing Corporation, if a clearing member is an Associate of a member/ trading member declared a defaulter by any recognised stock exchange, the said clearing member shall render itself liable to be declared a defaulter by the Relevant Authority.

Explanation:

The expression "Associate" for the purpose of the above Bye-law shall have the meaning as may be defined by SEBI from time to time.

A clearing member shall be bound to notify the Clearing Corporation immediately if there be a failure by any clearing member to discharge his liabilities in full.

5. COMPROMISE FORBIDDEN

A clearing member shall not accept from any clearing member anything less than a full and bona fide money payment in settlement of a debt arising out of a deal cleared through the CD Segment.

6. NOTICE OF DECLARATION OF DEFAULT

On a clearing member being declared a defaulter, a notice shall be forthwith issued to all the clearing members of the Clearing Corporation.

7. NOTICE TO THE STOCK EXCHANGE

On a clearing member being declared a defaulter, a notice shall be forthwith issued to the Exchange if the clearing member is also a trading member of that Exchange.

8. DEFAULTER'S BOOKS AND DOCUMENTS

When a clearing member has been declared a defaulter, the relevant authority shall take charge of all his books of accounts, documents, papers and vouchers to ascertain the state of his affairs and the defaulter shall hand over such books, documents, papers and vouchers to the relevant authority.

9. LIST OF DEBTORS AND CREDITORS

The defaulter shall file with the relevant authority within such time of the declaration of his default as the relevant authority may direct, a written statement containing the complete list of his debtors and creditors and the sum owing by and to each.

10. DEFAULTER TO GIVE INFORMATION

The defaulter shall submit to the relevant authority such statement of accounts, information and particulars of his affairs as the relevant authority may from time to time require and if so desired shall appear before the relevant authority at its meetings held in connection with his default.

11. INQUIRY

The relevant authority may conduct a strict inquiry into the accounts and dealings of the defaulter in the market and shall report anything improper, unbusinesslike or unbecoming a clearing member in connection therewith which may come to its knowledge.

12. DEFAULTER'S ASSETS

The Relevant Authority shall call in and realise the security deposits in any form, margin money, other amounts lying to the credit of and securities deposited by the defaulter and recover all moneys, securities and other assets due, payable or deliverable to the defaulter by any other Clearing Member in respect of any deal or dealing made subject to the Bye-laws, Rules and Regulations of the Clearing Corporation and such assets shall vest ipso facto, on declaration of any Clearing Member as a defaulter, in the Clearing Corporation for the benefit of and on account of the Clearing Corporation, MCX Stock Exchange Limited, Securities and Exchange Board of India, Constituents of the defaulter, approved banks and any other persons as may be approved by the Relevant Authority and other recognised stock exchanges / clearing corporations.

13. PAYMENT TO RELEVANT AUTHORITY

- (1) All monies, securities and other assets due, payable or deliverable to the defaulter must be paid or delivered to the relevant authority within such time of the declaration of default as the relevant authority may direct. A clearing member violating this provision may be declared a defaulter.
- (2) A clearing member who shall have received a difference on account or shall have received any consideration in any deal prior to the date fixed for settling such

account or deal shall, in the event of the clearing member from whom he received such difference or consideration being declared a defaulter, refund the same to the relevant authority for the benefit and on account of the creditor members. Any clearing member who shall have paid or given such difference or consideration to any other clearing member prior to such settlement day shall again pay or give the same to the relevant authority for the benefit and on account of the creditor member in the event of the default of such other member.

- (3) A clearing member who receives from another clearing member during any clearing a claim note or credit note representing a sum other than difference due to him or due to his constituent which amount is to be received by him on behalf and for the account of that constituent shall refund such sum if such other clearing member be declared a defaulter within such number of days as specified by the relevant authority after the settling day. Such refunds shall be made to the relevant authority for the benefit and on account of the creditor members and it shall be applied in liquidation of the claims of such creditor members whose claims are admitted in accordance with the Rules, Bye Laws and Regulations.

14. DISTRIBUTION

The relevant authority shall at the risk and cost of the creditor members pay all assets received in the course of realisation into such bank and/or keep them with the CD Segment in such names as the relevant authority may from time to time direct and shall distribute the same in accordance with the Rules, Bye Laws and Regulations.

15. CLOSING –OUT

- (1) Clearing members having open deals with the defaulter shall close out such deals after declaration of default. Such closing out shall be in such manner as may be specified by the relevant authority from time to time. Subject to the regulations in this regard specified by the relevant authority, when in the opinion of the relevant authority, circumstances so warrant, such closing out shall be deemed to have taken place in such manner as may be determined by the relevant authority.
- (2) Differences arising from the above adjustments of closing out shall be claimed from the defaulter or paid to the relevant authority for the benefit of creditor clearing members of the defaulter.

16. CLAIMS AGAINST DEFAULTER

Within such time of the declaration of default as the relevant authority may direct every clearing member carrying on business on the CD Segment shall, as it may be required to do, either compare with the relevant authority his accounts with the defaulter duly adjusted and made up as provided in the Rules, Bye-Laws and Regulations or furnish a statement of such accounts with the defaulter in such form or forms as the relevant authority may prescribe or render a certificate that he has no such account.

17. DELAY IN COMPARISON OR SUBMISSION OF ACCOUNTS

Any clearing members failing to compare his accounts or send a statement or certificate relating to a defaulter within the time specified shall be called upon to compare his accounts or send such statement or certificate within such further time as may be specified.

18. PENALTY FOR FAILURE TO COMPARE OR SUBMIT ACCOUNTS

The relevant authority may take such action as it may deem fit including levying of fine and suspension on any clearing member who fails to compare his accounts or submit a statement of its account with the defaulter or a certificate that he has no such account within the specified time.

19. MISLEADING STATEMENT

The relevant authority may take such action as it may deem fit including levying of fine and suspension, if it is satisfied that any comparison statement or certificate relating to a defaulter sent by such clearing member was false or misleading.

20. ACCOUNTS OF RELEVANT AUTHORITY

The relevant authority shall keep a separate account in respect of all monies, securities and other assets payable to a defaulter which are received by it and shall defray therefrom from all costs, charges and expenses incurred in or about the collection of such assets or in or about any proceedings it takes in connection with the default.

[REPORT

- 20A.** The relevant authority shall every six months present a report to the relevant authority relating to the affairs of a defaulter and shall show the assets realised, the liabilities discharged and dividends given.

INSPECTION OF ACCOUNTS

- 20B.** All accounts kept by the relevant authority in accordance with these Bye Laws, Rules and Regulations shall be open to inspection by any creditor clearing member.

SCALE OF CHARGES

- 20C.** The charges to be paid to the Clearing Corporation on the assets collected shall be such sum as the relevant authority may from time to time prescribe.]⁴¹

21. APPLICATION OF ASSETS

The Relevant Authority shall apply the net assets remaining in its hands after defraying all such costs, charges and expenses as are allowed under the Rules, Byelaws and Regulations to be incurred by the Clearing Corporation, in satisfying the claims in the order of priority provided hereunder :-

- (a) Dues to the Clearing Corporation, MCX Stock Exchange Limited, Securities and Exchange Board of India The payment of such subscriptions, debts, fines, fees, charges and other money/ies due to Clearing Corporation, MCX Stock Exchange Limited and Securities and Exchange Board of India on a prorata basis,
- (b) Dues to Constituents of the defaulter The payments as may be admitted by the Relevant Authority, as being due to Constituents of the defaulter for debts, liabilities, obligations and claims arising out of any contracts made by the defaulter subject to the Rules, Bye- laws and Regulations of the Clearing Corporation, provided that if the amount is insufficient then the amounts shall be distributed prorata amongst all the Constituents of the defaulter,
- (c) Dues to the Approved Banks and claims of any other persons as approved by the Relevant Authority

After making payments under (b) above, the amounts remaining, if any, shall be utilised to meet the claims of the approved banks and of any other person as may be admitted by the Relevant Authority. The claims of the approved banks should have arisen by virtue of Clearing Corporation or MCX Stock Exchange Limited invoking any bank guarantee issued by the bank concerned to the Clearing Corporation or MCX Stock Exchange Limited as the case may be on behalf of the defaulter to fulfill his obligation of submitting bank guarantee, guaranteeing discharge of obligations under the Byelaws, Rules and Regulations of Clearing Corporation / MCX-SX. The claims of other persons should have arisen out of or incidental to the clearing and settlement of a deal on the Clearing Corporation or requirements laid down by the Clearing Corporation, provided that if the amount available be insufficient to pay all such claims in full, they shall be paid pro rata,

- (d) Dues to any other recognised stock exchange/clearing corporation After meeting the claims under (c) above, the remaining amounts, if any, shall be disbursed to any other recognised stock exchange / clearing corporation for the purpose of meeting the obligations of the defaulter as a member of that exchange/clearing corporation. If the defaulter is a member of more than one recognised stock exchange/clearing corporation, then the remaining amounts shall be distributed amongst all such recognised stock exchanges / clearing corporations and if the remaining amount is insufficient to

⁴¹ Inserted w.e.f. January 28, 2014.

meet the claims of all such stock exchanges/clearing corporations, then the remaining amount shall be distributed pro rata among all such stock exchanges/clearing corporations; and

- (e) **Surplus**
The surplus amounts, if any, remaining after meeting all the above claims, shall be paid to the Clearing Member and in case where the Clearing Member has expired, the surplus amount shall be paid to his legal heirs / legal representatives.

[CLAIMS OF RELEVANT AUTHORITY

- 21A.** A claim of a defaulter whose estate is represented by the relevant authority against another defaulter shall not have any priority over the claims of other creditor clearing members but shall rank with other claims.]⁴²

22. CERTAIN CLAIMS NOT TO BE ENTERTAINED

The relevant authority shall not entertain any claim against a defaulter:

- (1) which arises out of a contract in securities, dealings in which are not permitted or which are not made subject to Bye Laws, Rules and Regulations or in which the claimant has either not paid himself or colluded with the defaulter in evasion of margin payable on bargains in any security;
- (2) which arises out of a contract in respect of which comparison of accounts has not been made in the manner specified in the Rules, Bye Laws and Regulations or when there has been no comparison if a contract note in respect of such deals has not been rendered as provided in the Rules, Bye Laws and Regulations;
- (3) which arises from any arrangement for settlement of claims in lieu of bonafide money payment in full on the day when such claims become due;
- (4) which is in respect of a loan with or without security;
- (5) which is not filed with the relevant authority within such time of date of declaration of default as may be specified by the relevant authority.

23. ASSIGNMENT OF CLAIMS ON DEFAULTERS' ESTATE

A Clearing member being a creditor of a defaulter shall not sell, assign or pledge the claim on the estate of such defaulter without the consent of the relevant authority.

24. PROCEEDINGS IN THE NAME OF OR AGAINST THE DEFAULTER

The Relevant Authority shall be empowered to (a) initiate any proceedings in a court of law either in the name of the Clearing Corporation or in the name of the defaulter against any person for the purpose of recovering any amounts due to the defaulter; (b) initiate any proceedings in a court of law either in the name of Clearing Corporation or in the name of the creditors (who have become creditors of the defaulter as a result of deals cleared and settled subject to Byelaws, Rules and Regulations of the Clearing Corporation) of the defaulter against the defaulter for the purpose of recovering any amounts due from the defaulter. The defaulter as well as the creditors of the defaulter shall be deemed to have appointed the Clearing Corporation as their constituted attorney for the purpose of taking such proceedings.

25. PAYMENT OF RELEVANT AUTHORITY

If any clearing member takes any proceedings in a court of law against a defaulter whether during the period of its default or subsequent to its re-admission to enforce any claim against the defaulter's estate arising out of any admitted deals in the market made subject to the Bye Laws, Rules and Regulations before it was declared a defaulter and obtains a decree and recovers any sum of money thereon, it shall pay such amount or any portion thereof as may be fixed by the relevant authority for the benefit and on account of the creditor members having claims against such defaulter.

⁴² Inserted w.e.f. January 28, 2014

CHAPTER XII

SETTLEMENT GUARANTEE FUND

1. CLEARING CORPORATION TO MAINTAIN SETTLEMENT GUARANTEE FUND

- (1) The Clearing Corporation shall maintain Settlement Guarantee Fund(s) in respect of different clearing sub-segment for such purposes as may be specified by the relevant authority from time to time. The Clearing Corporation may also maintain Settlement Guarantee Fund(s) in respect of different clearing sub-segment for such purpose as may be specified by the relevant authority from time to time.
- (2) The relevant authority may prescribe from time to time the norms, procedures, terms and conditions governing each Settlement Guarantee Fund which may inter-alia specify the amount of deposit or contribution to be made by each clearing member to the relevant fund, the terms, manner and mode of deposit or contributions, conditions of repayment of deposit or withdrawal of contribution from the fund, charges for utilisation, penalties and disciplinary actions for non-performance thereof.

2. CONTRIBUTION TOWARDS SETTLEMENT GUARANTEE FUND

- (1) Each clearing member shall be required to contribute to and provide a deposit as may be determined from time to time by the relevant authority to the relevant Settlement Guarantee Fund which shall be held by the CD Segment to be applied as provided in these Bye Laws and Regulations.
- (2) The relevant authority may specify the amount of contribution or deposit to be made by each clearing member and/or category of members which may include inter alia the minimum amount to be provided by each clearing member.
- (3) The relevant authority may also specify such additional contribution or deposit that shall have to be provided towards the Settlement Guarantee Fund from time to time to form part of the Settlement Guarantee Fund.

[2(A) CONTRIBUTION BY THE STOCK EXCHANGE

1. The Settlement Guarantee Fund of the different segments of the clearing corporation shall be included such contribution made by the stock exchange with whom it may have clearing & settlement arrangements, in terms of the regulations made by SEBI or other applicable laws or otherwise.
2. The relevant authority in its discretion, may permit a Stock Exchange to contribute or provide the deposit either in the form of cash, securities, bank guarantee or by such other method and subject to such terms and conditions as may be specified from time to time.]⁴³

3. FORM OF CONTRIBUTION/DEPOSIT

The relevant authority shall prescribe from time to time the form of contribution or deposit to the Settlement Guarantee Fund. The relevant authority in its discretion, may permit a clearing member to contribute or provide the deposit either in the form of cash, securities, bank guarantee or by such other method and subject to such terms and conditions as may be specified from time to time.

4. REPLACEMENT OF DEPOSIT

By giving a suitable notice to the CD Segment and subject to such conditions as may be specified by the relevant authority from time to time, a clearing member may withdraw qualifying securities from pledge, or may cause the CD Segment to revoke an acceptable letter of credit or bank guarantee, which secured the clearing member's contribution or

⁴³ Inserted w.e.f. January 28, 2014.

deposit towards the Settlement Guarantee Fund, provided that the clearing member has, effective simultaneously with such withdrawal or revocation, deposited cash with, or pledged qualifying securities to the CD Segment or through such other mode as may be approved by the CD Segment from time to time to satisfy his required contribution or deposit.

5. ADMINISTRATION AND UTILISATION OF THE SETTLEMENT GUARANTEE FUND

- (1) The Settlement Guarantee Fund shall be utilised for such purposes as may be provided in the Bye Laws and Regulations and subject to such conditions as the relevant authority may prescribe from time to time which shall include:
 - (a) to defray the expenses of creation, maintenance and repayment of the Settlement Guarantee Fund;
 - (b) investment in such approved securities and other avenues subject to such terms and conditions as may be decided by the relevant authority from time to time;
 - (c) the application of Settlement Guarantee Fund to meet premia on insurance cover(s) which the relevant authority may take from time to time;
 - (d) the application of Settlement Guarantee Fund to meet shortfalls and deficiencies arising out of the clearing and settlement of such deals as provided in the Bye Laws and Regulations;
 - (e) the application of the Settlement Guarantee Fund to satisfy any loss or liability of the CD Segment arising out of clearing and settlement operations of such deals as provided in these Bye Laws and Regulations;
 - (f) repayment of the balance after meeting all obligations under these Rules, Bye Laws and Regulations to the clearing member when he ceases to be a member pursuant to the provisions regarding the repayment of deposit;
 - (g) any other purpose as may be specified by the Board from time to time.
- (2) Save as otherwise expressly provided in these Bye Laws and Regulations, the Settlement Guarantee Fund shall not be utilised for any other purpose.
- (3) The CD Segment shall have full power and authority to pledge, re-pledge, hypothecate, transfer, create a security interest in, or assign any or all of the (i) Settlement Guarantee fund cash, (ii) securities or other instruments in which Settlement Guarantee fund cash is invested and (iii) qualifying securities pledged by a clearing member or letters of credit or any other instrument issued on behalf of a clearing member in favour of the CD Segment of the Clearing Corporation towards deposit to the Settlement Guarantee Fund.

6. UTILISATION FOR FAILURE TO MEET OBLIGATIONS

In the event a clearing member fails to meet obligations to the CD Segment arising out of clearing and settlement operations of such deals as provided in these Bye Laws and Regulations, the relevant authority may utilise the Settlement Guarantee Fund and other monies to the extent necessary to fulfill the obligation under such terms and conditions as the relevant authority may specify from time to time.

7. UTILISATION IN CASE OF DEFAULT

In the event a clearing member is declared a defaulter and the clearing member fails to meet the clearing and settlement obligations to the CD Segment arising out of clearing and settlement operations of such deals as provided in these Bye Laws and Regulations, the relevant authority may utilise the Settlement Guarantee Fund and other monies to the extent necessary to eliminate the obligation in the following order:

- (1) any amount that may be paid in the form of margin or any other payment of the defaulting member retained by the CD Segment of the Clearing Corporation for the purpose of the clearing and settlement; if this amount is not sufficient to settle the obligation,

- (2) any contribution or deposit made by or bank guarantee arranged by the defaulting member to the Settlement Guarantee fund, whether in the form of cash or securities or bank guarantee; if this amount is not sufficient to settle the obligation,
- (3) the amount of security deposit, if any, made by the defaulting member to the Specified Exchange to the extent not appropriated by the Specified Exchange towards the obligations of the defaulting member to it; if this amount is not sufficient to settle the obligation,
- (4) the proceeds, if any, recovered from auctioning or transferring the membership of the defaulting member in the Specified Exchange, subject to deduction of the expenses relating or incidental to the auction; if this amount is not sufficient to settle the obligation,
- (5) the fines, penalties, penal charges, auction difference, interest on delayed payments, interest or other income, if any, earned by investment or disinvestment of Settlement Guarantee Fund or interest earned on margin monies that form part of the Settlement Guarantee Fund to the extent as may be decided by the CD Segment; if the amount is not sufficient to settle the obligation,
- (6) the profits available for appropriation in the respective year in which the default took place; if this amount is not sufficient to settle the obligation,
- (7) the retained earnings of the Clearing Corporation including any reserves created for this purpose to the extent available; if this amount is not sufficient to settle the obligation,
- (8) the amount of contribution and deposit made by all categories of clearing members to the Settlement Guarantee Fund in proportion to the total contribution and deposit made by each clearing member.
- (9) if the above amount is not sufficient, the balance obligation remaining after application of the above funds shall be assessed against the clearing members in the same proportion as their total contribution and deposit and clearing members shall be required to contribute or deposit in the Settlement Guarantee Fund, within such time as the relevant authority shall require, the deficient amount.

8. OBLIGATION TO BRING IN ADDITIONAL CONTRIBUTION OR DEPOSIT

- (1) If a pro-rata charge is made as mentioned in the above provision against a clearing member's actual contribution or deposit, and as a consequence the clearing member's remaining contribution and deposit towards the Settlement Guarantee Fund is less than his required contribution and deposit, the clearing member shall contribute or deposit in the Settlement Guarantee Fund, within such time as the relevant authority shall require the deficient amount.
- (2) If the clearing member shall fail to do so, the relevant authority may charge such interest, impose penalties and fines and take such disciplinary action against the clearing member as it may determine from time to time. Any disciplinary action which the relevant authority takes pursuant to the above provisions or involuntary cessation of membership by the clearing member shall not affect the obligations of the clearing member to the CD Segment or any remedy to which the CD Segment may be entitled under applicable law.

9. ALLOCATION OF THE CONTRIBUTION OR DEPOSIT

Each clearing member's contribution and deposit towards Settlement Guarantee Fund shall be allocated by the CD Segment of the Clearing Corporation among the various clearing sub-segments which are designated as such by the CD Segment and in which the clearing member participates, in such proportion as it may decide from time to time. The CD Segment of the Clearing Corporation shall retain the right to utilise the fund allocated to a particular clearing sub-segment to the satisfaction of losses or liabilities of the CD Segment incidental to the operation of that clearing sub-segment as may be decided by the Clearing Corporation at its discretion.

10. CESSATION OF THE CLEARING MEMBER

- (1) A clearing member shall be entitled to the repayment of deposit made by him to

the Settlement Guarantee Fund after –

- (a) the clearing member ceases to be a member, and
 - (b) all pending deals at the time the clearing member ceases to be a clearing member which could result in a charge to the Settlement Guarantee Fund have been closed and settled, and
 - (c) all obligations to the CD Segment for which the clearing member was responsible while he was a member have been satisfied or, at the discretion of the relevant authority, have been deducted by the CD Segment of the Clearing Corporation from the clearing member's actual deposit; provided, however, that the clearing member has presented to the CD Segment such indemnities or guarantees as the relevant authority deems satisfactory or another clearing member has been substituted on all deals and obligations of the clearing member, and
 - (d) a suitable amount as may be determined by the relevant authority at its discretion has been set aside for taking care of any loss arising from any document defects that may be reported in the future, and
 - (e) a suitable amount as may be determined by the relevant authority at its discretion towards such other obligations as may be perceived by the CD Segment to exist or may be perceived to arise in future.
- (2) The relevant authority may specify rules for the repayment of deposit including the manner, amount and period within which it will be paid but at no point of time will the repayment exceed the actual deposit available to the credit of the clearing member after deducting the necessary charges from the same.
 - (3) Any obligation of a clearing member to the CD Segment unsatisfied at the time he ceases to be a clearing member shall not be affected by such cessation of membership.

11. RECOVERY OF LOSS AND RE-DISTRIBUTION

If a loss charged pro rata is afterwards recovered by the CD Segment of the Clearing Corporation, in whole or in part, through insurance or otherwise, the net amount of the recovery shall be credited to the persons against whom the loss was charged in proportion to the amounts actually charged against them.

12. LIMITATION OF LIABILITY

The liability of the Clearing Corporation resulting from the deemed contracts of clearing members with the CD Segment and to losses in connection therefrom be limited to the extent of contributions available to the Settlement Guarantee Fund. The CD Segment shall not be available for obligations of a non-clearing member, obligations of a clearing member to a non-member, obligations of a clearing member to another member of the CD Segment towards deals to which the CD Segment of the Clearing Corporation is not a counter party or obligations to a constituent by a clearing member, and to losses in connection therefrom.

CHAPTER XIII

MISCELLANEOUS

1. Save as otherwise specifically provided in the Bye Laws and Regulations specified by the relevant authority regarding clearing and settlement arrangement, in promoting, facilitating, assisting, regulating, managing and operating the CD Segment, the CD Segment of the Clearing Corporation should not be deemed to have incurred any liability, and accordingly no claim or recourse in respect of or in relation to any dealing in securities or any matter connected therewith shall lie against the CD Segment or any authorised person(s) acting for the CD Segment of the Clearing Corporation.
2. No claim, suit, prosecution or other legal proceeding shall lie against the CD Segment or any authorised person(s) acting for the CD Segment in respect of anything which is in good faith done or intended to be done in pursuance of any order or other binding directive issued to the CD Segment under any law or delegated legislation for the time being in force.

MCX-SX CLEARING CORPORATION LIMITED
CURRENCY DERIVATIVES SEGMENT RULES

ARRANGEMENT OF CHAPTERS

CHAPTER I:	DEFINITIONS
CHAPTER II:	BOARD
CHAPTER III:	EXECUTIVE COMMITTEE
CHAPTER IV:	CLEARING MEMBERSHIP
CHAPTER V:	DISCIPLINARY PROCEEDINGS, PENALTIES, SUSPENSION AND EXPULSION

CHAPTER I
DEFINITIONS

1. BOARD

"Board" means Board of Directors of MCX-SX Clearing Corporation Limited.

2. BYE LAWS

Unless the context indicates otherwise, "Bye Laws" means the Bye Laws of the Currency Derivatives Segment (CD Segment) of the Clearing Corporation for the time being in force.

3. CLEARING BANK(S)

"Clearing Bank(s) " is such bank(s) as the Clearing Corporation may appoint to act as a funds settling agency, for the collection of margin money for all deals in respect of Currency Derivatives Segment cleared through the Clearing Corporation and any other funds movement between Clearing Members and the Clearing Corporation and between Clearing Members as may be directed by the Clearing Corporation from time to time.

4. CLEARING CORPORATION

"Clearing Corporation" means MCX-SX Clearing Corporation Limited.

5. CLEARING MEMBER

"Clearing Member" means a member of the Currency Derivatives Segment of the Clearing Corporation and includes all categories of Clearing Members as may be admitted as such by the Clearing Corporation in the Currency Derivatives Segment but does not denote the shareholder of the Clearing Corporation.

6. CURRENCY DERIVATIVES SEGMENT

"Currency Derivatives Segment" or "CD Segment" means Currency Derivatives Segment of the Clearing Corporation and also includes the different clearing sub-segments or divisions thereof for clearing and settlement of deals as may be classified by the relevant authority from time to time."

7. DEALS

"Deals" means, unless the context indicates otherwise, deals which are admitted to be cleared and settled through the CD Segment of the Clearing Corporation.

8. REGULATIONS

"Regulations" means Regulations of the CD Segment of the Clearing Corporation for the time being in force and includes business rules, code of conduct and such other procedures and regulations, circulars, directives and orders as issued by the relevant authority from time to time for the operations of the CD Segment of the Clearing Corporation.

9. RELEVANT AUTHORITY

"Relevant Authority" means the Board, Securities and Exchange Board of India or such other authority as specified by the Board from time to time as relevant for a specified purpose.

10. SETTLEMENT GUARANTEE FUND

"Settlement Guarantee Fund" means a fund established and maintained in accordance with the relevant provisions of the Bye Laws in respect of the CD Segment.

11. TRADING MEMBER

"Trading Member" means any person admitted as a member in any Exchange in accordance with the Rules, Bye Laws and Regulations of that Exchange. Note: The terms defined above shall mean the same when used in lower case in the Bye Laws and Regulations, unless the context indicates otherwise.

CHAPTER II

BOARD

1. The Board is empowered to organise, maintain, control, manage, regulate and facilitate the operations of the CD segment of the Clearing Corporation and all activities of the Clearing Members
2. The Board is empowered to make Rules, Bye Laws and Regulations from time to time, for all or any matters relating to the conduct of business of the CD segment of the Clearing Corporation, the business and transactions of Clearing Members, between Clearing Members inter-se as well as the business and transactions between Clearing Members and persons who are not Clearing Members, and to control, define and regulate all such transactions and dealings and to do such acts and things which are necessary for the purposes of the CD segment of the Clearing Corporation.
3. Without prejudice to the generality of the foregoing, the Board is empowered to make Regulations for all or any of the following matters:
 - (1) conduct of business of the CD segment of the Clearing Corporation;

- (2) appointment and dissolution of Committee or Committees for any purpose of the Clearing Corporation;
 - (3) manner of operations and interfacing with exchanges, custodians, depository and clearing bank(s);
 - (4) norms, procedures, terms and conditions for admission to membership of the CD segment of the Clearing Corporation;
 - (5) conditions, levy for admission or subscription for admission or continuance of Clearing Membership of the CD segment of the Clearing Corporation;
 - (6) conduct of Clearing Members with regard to the business of the Clearing Corporation;
 - (7) prescription, from time to time, of capital adequacy and other norms which shall be required to be maintained by different categories of Clearing Members;
 - (8) charges payable by Clearing Members for business transacted through the CD segment of the Clearing Corporation as may be laid down from time to time;
 - (9) maintenance of records and books of accounts by Clearing Members as may be specified from time to time;
 - (10) investigation of the financial condition, business conduct and dealings of the Clearing Members;
 - (11) prescription from time to time, and administration of penalties, fines and other consequences, including suspension/expulsion of Clearing Members from the CD segment of the Clearing Corporation for violation of any requirements of the Rules, Bye Laws and Regulations and the codes of conduct;
 - (12) disciplinary action/procedures against any Clearing Member;
 - (13) penalties for non compliance with or contravention of the Bye Laws, Rules and Regulations or of general discipline of the CD segment of the Clearing Corporation, including expulsion or suspension of the Clearing Members;
 - (14) declaration of any Clearing Member as a defaulter or suspension or resignation or expulsion from Clearing Membership and consequences thereof;
 - (15) such other matters in relation to the Clearing Corporation as may be specified under the provisions of the Articles of Association, Bye Laws or these Rules or as may be necessary or expedient for the organisation, maintenance, control, management, regulation and facilitation of the operations of the Clearing Corporation.
4. The Board is empowered to delegate, from time to time, to Executive Committee(s) or any other committee(s) or to the Managing Director or to any person, such of the powers vested in it and on such terms as it may think fit, to manage all or any of the affairs of the CD segment of the Clearing Corporation and from time to time, to revoke, withdraw, alter or vary all or any of such powers.
5. The Board may, from time to time, constitute one or more committees comprising of members of the Board or such others as the Board may in its discretion deem fit or necessary and delegate to such committees such powers as the Board may deem fit and the Board may from time to time revoke such delegation.

6. The Board shall have the authority to issue directives from time to time to the Executive Committee or any other Committees or any other person or persons to whom any powers have been delegated by the Board. Such directives issued in exercise of this power, which may be of policy nature or may include directives to dispose off a particular matter or issue, shall be binding on the concerned Committee(s) or person(s).
7. The Board is empowered to vary, amend, repeal or add to Bye Laws and Rules framed by it with prior approval of SEBI, if any.
8. The Board is authorised to vary, amend, repeal or add to Regulations framed by it. Such changes shall be intimated to SEBI within 24 hours.
9. The Members of the Board and of such committees as may be identified by the Board shall adhere to the Code of Ethics as specified by SEBI.

CHAPTER III

EXECUTIVE COMMITTEE

1. CONSTITUTION

One or more Executive Committee(s) may be appointed by the Board for the purposes of managing the day to day affairs of the different clearing sub-segment(s) of the CD segment of the Clearing Corporation. The Board may decide on the constitution, duration and powers of the Executive Committee(s), nomination and vacation of the nominees from the Executive Committee(s) and appointment of office bearers and rules and procedures for the functioning of the Executive Committee(s).

2. POWERS OF EXECUTIVE COMMITTEE

- (1) The Board may delegate from time to time to the Executive Committee(s) such of the powers vested in it and upon such terms as it may think fit, to manage all or any of the affairs of the CD segment of the Clearing Corporation and from time to time, to revoke, withdraw, alter or vary all or any of such powers.
- (2) The Executive Committee(s) shall be bound and obliged to carry out and implement any directives issued by the Board from time to time and shall be bound to comply with all conditions of delegation and limitations on the powers of the Executive Committee(s) as may be specified.

CHAPTER IV

CLEARING MEMBERSHIP

1. MULTIPLE CATEGORY

The rights, privileges duties and responsibilities of a Clearing Member shall be subject to and in accordance with the Rules, Bye Laws and Regulations. The relevant authority may define and admit more than one category of Clearing Members for the same clearing sub-segment or for different clearing sub-segments and may specify different norms including eligibility, admission and cessation of membership for different sub-segments.

2. ADMISSION AND FEES

- (1) The relevant authority may specify different categories of Clearing Members and requirements regarding qualification, networth, infrastructure and other relevant norms for each such category.
- (2) The relevant authority may specify pre-requisites, conditions, formats and procedures for application for admission, termination, re-admission, etc. of Clearing Members to all or any of the clearing sub-segments of the CD segment of the Clearing Corporation. The relevant authority may, at its absolute discretion, refuse permission to any applicant to be admitted as Clearing Member to all or any of the clearing sub-segments.
- (3) Such fees, security deposit, contribution and other money as are specified by the relevant authority would be payable on or before admission as Clearing Member and for continued appointment thereof.

3. ELIGIBILITY

- (1) The following persons shall be eligible to become Clearing Members of the CD segment of the Clearing Corporation:
 - (a) Individuals;
 - (b) Registered Firms;
 - (c) Bodies corporate;
 - (d) Companies as defined in the Companies Act, 1956; and
 - (e) any bank as included in the Second Schedule to the Reserve Bank of India Act, 1934 and specifically authorized by RBI for this purpose
 - i. is eligible to become Clearing Member and / or Trading Member of the Currency Derivatives Segment of an Exchange, on the recommendation of the governing body of the Exchange.
 - ii. such bank can act as member for their proprietary dealings, to act on their own account, in the Currency Derivatives Segment of the Exchange.
 - iii. such bank can also act as member or an agent for any other person, client or customer in the Currency Derivatives Segment of an Exchange.
 - iv. such bank shall abide by circulars and directions issued by RBI and SEBI in respect of dealing of such banks in the Exchange."
- (2) No person shall be admitted as a Clearing Member if such proposed member:
 - (a) is an individual who has not completed 21 years of age;
 - (b) has been adjudged bankrupt or a receiving order in bankruptcy has been made against the person or the person has been proved to be insolvent even though he has obtained his final discharge;
 - (c) has compounded with his creditors for less than full discharge of debts;

- (d) has been convicted of an offence involving a fraud or dishonesty;
- (e) is a body corporate which has committed any act which renders it liable to be wound up under the provisions of the law;
- (f) is a body corporate which has had a provisional liquidator or receiver or official liquidator appointed to the person;
- (g) has been at any time expelled or declared a defaulter by any other stock exchange or clearing corporation;
- (h) has been previously refused admission to Clearing Membership unless the period of one year has elapsed since the date of rejection;

4. ADDITIONAL ELIGIBILITY CRITERIA

No person shall be eligible to be admitted to the Clearing Membership unless the person satisfies such additional eligibility criteria as the Board or relevant authority may prescribe from time to time for different classes of Clearing Members and clearing sub-segments;

Provided however that the relevant authority may waive compliance with any or all of the admission conditions and at its discretion waive the requirements set out as above, if it is of the opinion that the person seeking admission is considered by the relevant authority to be otherwise qualified to be admitted as a Clearing Member by reason of his means, position, integrity, knowledge and experience of business in securities.

5. ADMISSION

- (1) Any person desirous of becoming a Clearing Member shall apply to the CD segment of the Clearing Corporation for admission to the Clearing Membership of the relevant clearing sub-segment of the CD segment of the Clearing Corporation. Every application shall be dealt with by the relevant authority which shall be entitled to admit or reject such applications at its discretion.
- (2) The application for admission of Clearing Members to each segment shall be made in such formats as may be specified by the relevant authority from time to time.
- (3) The application shall have to be submitted along with such fees, security deposit and other monies in such form and in such manner as may be specified by the relevant authority from time to time.
- (4) The applicant shall have to furnish such declarations, undertakings, certificates, confirmations and such other documents or papers as may be specified from time to time by the relevant authority.
- (5) The relevant authority shall have the right to call upon the applicant to pay such fees or deposit such additional security in cash or kind, deposit or contribution to Settlement Guarantee Fund and any other fund that may be maintained by the CD segment of the Clearing Corporation from time to time, to furnish any additional guarantee or to require contribution to computerisation fund, training fund or fee, if any, as the relevant authority may prescribe from time to time.
- (6) The relevant authority may provisionally admit the applicant to Clearing Membership provided that the applicant satisfies the eligibility conditions and other procedures and requirements of application subject to such terms and conditions as may be specified by the relevant authority. Upon the relevant authority being satisfied that all other

terms and conditions and other requirements for the Clearing Membership have been complied with, the applicant may be admitted as a Clearing Member. The granting of provisional membership shall not entitle the applicant to any privileges and rights of Clearing Membership.

- (7) The relevant authority may at its absolute discretion reject any application for admission without communicating the reason thereof.
- (8) If for any reason the application is rejected, the application fee or admission fee, if any, as the case may be or part thereof as may be decided by the relevant authority may at its discretion be refunded to the applicant, without any interest.
- (9) The relevant authority may at any time from the date of admission to the Clearing Membership withdraw the admission and expel a Clearing Member if he has in or at the time of his application for admission to membership or during the course of the inquiry made by the relevant authority preceding his admission –
 - (a) made any willful misrepresentation; or
 - (b) suppressed any material information required of him as to his character and antecedents; or
 - (c) has directly or indirectly given false particulars or information or made a false declaration.
- (10)
 - (a) The membership admission does not confer any ownership right as a member of the Clearing Corporation and shall not be transferable or transmittable except as herein mentioned.
 - (b) Subject to such terms and conditions as the relevant authority may prescribe from time to time and to the prior written approval of the relevant authority, transfer of the Clearing Membership, may be effected as follows:
 - (i) by making nomination under these Rules;
 - (ii) by an amalgamation or merger of a Clearing Member company;
 - (iii) by takeover of a Clearing Member company;
 - (iv) by transfer of the Clearing Membership of a Clearing Member firm to a new firm, in which, all the existing partners are not partners; and
 - (v) by two or more Clearing Members / Clearing Member firms coming together to form a new partnership firm/company.
 - (c) A Clearing Member or his successor(s) may make a nomination to Clearing Membership. The nomination(s) made by a Clearing Member or successor(s) of a Clearing Member shall be subject to the following conditions, namely:
 - (i) The nominee(s) shall, at the time when the nomination becomes effective, be person(s) who shall be qualified to be admitted as Clearing Member(s) of the Clearing Corporation;
 - (ii) The nominee(s) shall give to the relevant authority his/their unconditional and irrevocable acceptance of his/their nomination;

- (iii) A Clearing Member shall nominate one or more of his successor(s) as per the applicable succession laws. If the Clearing Member has no successor(s) willing to carry on the Clearing Membership, then, the Clearing Member may nominate person(s) other than his successor(s);
 - (iv) If the Clearing Member has not nominated any person and is rendered incompetent to carry on his business on the CD segment of the Clearing Corporation on account of physical disability, then the Clearing Member may, within a period of six months, make a nomination as per the provisions of sub-clause (iii) above;
 - (v) If the Clearing member has not nominated any person, the successor(s) of the Clearing Member may nominate one or more persons from among themselves within six months from the date of the death of the Clearing Member;
 - (vi) If the nomination of the Clearing Member is such that it cannot be given effect to by the relevant authority, at the time when the nomination would have become effective, then the successor(s) of such a Clearing Member may nominate any other person(s) within six months from the date on which the nomination would have become effective;
 - (vii) If more than one person(s) are nominated by the Clearing Member or the successor(s), then such nominated person(s) shall be required to form a company to carry on the Clearing Membership;
 - (x) A nomination made by a Clearing Member or successor(s) may be revoked with the prior written approval of the relevant authority and subject to such terms and conditions as the relevant authority may prescribe from time to time. No such revocation shall be permitted after the nomination becomes effective; and
 - (xi) The nomination shall become effective in the case of a nomination made by a Clearing Member, from the date of his death or physical disability or from the date of approval by the relevant authority, whichever is later and in the case of a nomination made by successor(s), from the date on which such nomination is made or from the date of approval by the relevant authority, whichever is later.
- (d) The relevant authority may permit the transfer of Clearing Membership in the following circumstances:-
- (i) death of a Clearing Member;
 - (ii) if in the opinion of the relevant authority, the Clearing Member is rendered incompetent to carry on his business on the CD segment of the Clearing Corporation on account of physical disability;
 - (iii) upon amalgamation or merger of a Clearing Member company;
 - (iv) upon takeover of a Clearing Member company; and
 - (v) upon the death of or resignation or notice of dissolution by a partner of a Clearing Member firm, and re-alignment, if any, by the partners in such firm or by the partners in such firm and the

nominee(s)/successor(s) of the outgoing partner or by the partners in such firm and person(s) other than the nominee(s)/successor(s) of the outgoing partner in a new firm, within a period of six months from the date of such death or resignation or notice of dissolution.

- (e) The relevant authority may, while permitting the transfer, prescribe from time to time such transfer fee as it deems fit in the following circumstances, viz,
- (i) nomination by a Clearing Member of a person other than successor(s) under the applicable laws;
 - (ii) nomination by the successor(s) of a Clearing Member, if the nominee(s) is/are not from amongst the successors;
 - (iii) amalgamation or merger of a Clearing Member company with a non Clearing Member company resulting in the loss of majority shareholding and/or control of management by the majority shareholders of the Clearing Member company;
 - (iv) takeover of the Clearing Member company by non Clearing Member(s) resulting in the loss of majority shareholding and/or control of management by the majority shareholders of the Clearing Member company; and
 - (v) in the case of sub-clause (v) of clause (d), if the person(s) other than the nominee(s)/successor(s) of the outgoing partner hold atleast 51% of share in the capital of the new firm.

Explanation I

For the purpose of sub-clauses (iii) and (iv) above, the term "loss of majority shareholding" means a shareholder or a group of shareholders holding 51% or more shares / interest in the Clearing Member company ceases to hold 51% of shares / interest in the Clearing Member company or in the amalgamated company which shall take up Clearing Membership upon amalgamation of the Clearing Member company with a Non Clearing Member company.

Explanation II

For the purpose of sub-clauses (iii) and (iv) above, the term "loss of control in management" means the loss of the right to appoint majority of the directors or to control the management or policy decision exercisable by person or persons acting individually or in concert, directly or indirectly including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

- (f) For the purpose of the clauses (b) to (e), the term 'Clearing Member' shall to the extent applicable include a partner of a Clearing Member firm or a shareholder of a Clearing Member company. The term successor(s) shall to the extent applicable, includes successor(s) of a partner of a Clearing Member firm or successor(s) of a shareholder of a Clearing Member company.

- (g) Without prejudice to any other provision of the Rules, the Clearing Membership may be suspended, for such period as the relevant authority may deem fit, in the following circumstances:
- (i) upon the individual Clearing Member or a partner of a Clearing Member firm or a shareholder of a Clearing Member company, in the opinion of the relevant authority, being rendered incompetent to carry on his business on account of physical disability;
 - (ii) upon the mental disability of the individual Clearing Member or a partner of a Clearing Member firm provided the partner holds atleast 51% of share in the profits & losses of and /or atleast 51% of share in the capital of such firm or a shareholder of a Clearing Member company provided the shareholder is a majority shareholder in such Clearing Member company;
 - (v) upon the death of an individual Clearing Member or a partner of a Clearing Member firm provided the partner holds atleast 51% of share in the profits & losses of and/or atleast 51% of share in the capital of such firm or a shareholder of a Clearing Member company, provided the shareholder is a majority shareholder in such Clearing Member company and during the six month period within which successor(s) of such individual Clearing Member partner or shareholder, may nominate person(s) to take up the stake/shares of such deceased individual Clearing Member or partner or shareholder;
 - (vi) upon the dissolution of a Clearing Member firm and during the six month period as referred to in sub clause (v) of clause (d) ; and
 - (v) upon any deadlock in the management of a Clearing Member firm or Clearing Member company, which, in the opinion of the relevant authority will affect the ability of such Clearing Member firm or Clearing Member company to carry on its business. The Clearing Member shall be entitled for an opportunity for representation before the relevant authority, before being suspended under this sub-clause, but the decision of the relevant authority shall be final.

Explanation I

For the purposes of this sub-clause, the term "Deadlock in the Management" means a situation wherein there is a loss of confidence or disagreement among the partners of a Clearing Member firm or among the directors/shareholders of a Clearing Member company, which, in the opinion of the relevant authority, will affect or is likely to affect the conduct of business by the Clearing Member firm or Clearing Member company, as the case may be or an equality of vote at a meeting of the directors or shareholders of a Clearing Member company.

- (h) Without prejudice to any other provision of the Rules, the Clearing Membership may be terminated by the relevant authority if an acceptable nomination or realignment, as the case may be, does not take place to the satisfaction of the relevant authority, within the said period of six months.
- (i) The nominee(s), successor(s), partners of a Clearing Member firm or such other persons, as the case may be shall be entitled for an opportunity for representation before the relevant authority, before being terminated under clause (h) above, but the decision of the relevant authority shall be final. Conversion of legal status of the Clearing Member

- (j) Subject to such terms and conditions as the relevant authority may prescribe from time to time and to the prior written approval of the relevant authority, conversion of the legal status of a Clearing Member may be effected as follows:
 - (i) by conversion of an individual Clearing Member into a partnership firm/company.
 - (ii) by conversion of a Clearing Member firm into a company.
- (k) The relevant authority may permit the conversion of the legal status of the Clearing Member in the following circumstances:
 - (i) In the case of sub-clause (i) of clause (j), if the individual Clearing Member holds and continues to hold atleast 51% of the share in the profits/losses and/or atleast 51% of share in the capital of the partnership firm, or atleast 51% of shareholding / interest in the company, which shall take up the Clearing membership of the Clearing Corporation.
 - (ii) In the case of sub-clause (ii) of clause (j), if the partners holding atleast 51% of share in the profits / losses and / or atleast 51% of share in the capital of the Clearing Member firm hold and continue to hold atleast 51% of shareholding / interest in the company which shall take up the Clearing Membership of the Clearing Corporation.
- (11) Notwithstanding anything contained in Rule 5(10), the relevant authority may, in its absolute discretion permit the transfer of the Clearing Membership of the CD Segment to another person or entity, subject to such terms and conditions as the relevant authority may in its absolute discretion prescribe from time to time.
- (12) A Clearing Member shall not assign, mortgage, pledge, hypothecate or charge his right of membership or any rights or privileges attached thereto nor shall he has the right to give license or grant power of attorney in respect of such rights and privileges and no such attempted assignment, mortgage, pledge, hypothecation or charge or license or power of attorney shall be effective as against the Clearing Corporation for any purpose, nor shall any right or interest in any Clearing Membership other than the personal right or interest of the Clearing Member therein be recognised by the Clearing Corporation. The relevant authority may suspend any Clearing Member of the Clearing Corporation who acts or attempts to act in violation of the provisions of this rule or take any other disciplinary action as it may deem fit.

6. CONDITIONS

- (1) Clearing Members shall adhere to the Rules, Bye Laws and Regulations and shall comply with such operational parameters, rulings, notices, guidelines and instructions of the relevant authority as may be applicable.
- (2) All contracts issued for admitted deals shall be in accordance with and subject to Rules, Bye Laws and Regulations.
- (3) Clearing Members shall furnish declarations, undertakings, confirmation and such other documents and papers relating to such matters and in such forms as may be specified by the relevant authority from time to time.

- (4) Clearing Members shall furnish to the CD segment of the Clearing Corporation, within such time as may be specified, an annual Auditors' Certificate certifying that specified requirements as may be specified by the relevant authority from time to time pertaining to their operations have been complied with.
- (5) Clearing Members shall furnish such information and periodic returns pertaining to their operations as may be required by the relevant authority from time to time.
- (6) Clearing Members shall furnish to the CD segment of the Clearing Corporation such audited and/or unaudited financial or qualitative information and statements and in such manner as may be required by the relevant authority from time to time.
- (7) Clearing Members shall comply with such requirements as may be specified by the relevant authority from time to time with regard to advertisements, booklets and issue of circulars in connection with their activities as Clearing Members.
- (8) Clearing Members shall extend full cooperation and furnish such information and explanation and in such manner as may be required by the relevant authority or authorised person of the Clearing Corporation for inspection or audit or in regard to any dealings, settlement, accounting and/or other related matters.

7. PARTNERSHIPS

- (1) No Clearing Member shall form a partnership or admit a new partner to an existing partnership or make any change in the name of an existing partnership without intimation and prior approval of the relevant authority in such form and manner and subject to such requirements as the relevant authority may specify from time to time; these requirements may, inter alia, include deposits, declarations, guarantees and other conditions to be met by and which may be binding on all partners.
- (2) No Clearing Member shall, at the same time, be a partner in more than one partnership firm which is a Clearing Member of the Clearing Corporation.
- (3) No Clearing Member who is a partner in any partnership firm shall assign or in any way encumber his interest in such partnership firm.
- (4) The partnership firm shall register with such authorities as may be required under relevant laws and shall produce proof of such registration to the CD segment of the Clearing Corporation.
- (5) The partners of the firm shall do business only on account of the firm and jointly in the name of the partnership firm. No single partner or group of partners is entitled to any rights and privileges of Clearing Membership independent from that of their partnership firm.
- (6) The partners of the partnership firm must communicate to the Clearing Corporation in writing under the signatures of all the partners or surviving partners any change in such partnership either by dissolution or retirement or death of any partner or partners.
- (7) Any notice to the Clearing Corporation intimating dissolution of a partnership shall contain a statement as to who undertakes the responsibility of settling all outstanding contracts and liabilities of the dissolved partnership firm but that shall not be deemed to absolve the other partner or partners of his or their responsibility for such outstanding contracts and liabilities.

8. TERMINATION OF MEMBERSHIP

- (1) Any Clearing Member may cease to be a member, if one or more apply:
 - (a) by resignation;
 - (b) by death;
 - (c) by expulsion in accordance with the provisions contained in the Bye Laws, Rules and Regulations;
 - (d) by being declared a defaulter in accordance with the Bye Laws, Rules and Regulations ;
 - (e) by dissolution in case of partnership firm;
 - (f) by winding up or dissolution in the case of a limited company;
 - (g) by cancellation of license granted by RBI to a Bank admitted as a Clearing Member
- (2) Notwithstanding anything contained in the Byelaws and Rules of Clearing Corporation, a clearing member shall ipso facto cease to be clearing member of the Clearing Corporation, on cessation of his membership/ trading membership on one or more stock exchanges in accordance with the provisions contained in the Byelaws, Rules and Regulations of such stock exchange(s) and in such cases, such clearing member shall not be entitled for any opportunity of being heard or explanation in such an event.
- (3) The termination of Clearing Membership shall not in any way absolve the Clearing Member from any obligations and liabilities incurred by the Clearing Member prior to such termination.

9. RESIGNATION

- (1) A Clearing Member who intends to resign from the Clearing Membership of the CD segment of the Clearing Corporation shall intimate to the Clearing Corporation a written notice to that effect.
- (2) Any Clearing Member objecting to any such resignation shall communicate the grounds of his objection to the relevant authority by letter within such period as may be specified by the relevant authority from time to time.
- (3) The relevant authority may accept the resignation of a Clearing Member either unconditionally or on such conditions as it may think fit or may refuse to accept such resignation and in particular may refuse to accept such resignation until it is satisfied that all outstanding transactions with such Clearing Member have been settled.

10. DEATH

- (1) On death of a Clearing Member, his legal representatives and authorised representatives, if any, shall communicate due intimation thereof to the relevant authority in writing immediately and all future activities of the Clearing Member shall cease immediately except so far as it pertains to past obligations prior to his death.
- (2) On the termination of membership of the CD segment of a Clearing Member on his death, the Clearing Corporation, with whom security deposits, other monies, any

additional deposits, whether in the form of cash, bank guarantees, securities or otherwise, or any other securities are lying, shall deduct only the dues, liability of the deceased member from his deposits and in such manner as the relevant authority may prescribe from time to time.

11. FAILURE TO PAY CHARGES

Save as otherwise provided in the Bye Laws, Rules and Regulations if a member fails to pay his annual subscription, fees, deposit or contribution to Settlement Guarantee Fund(s), fines, penalties, other charges or other monies which may be due by him to the Clearing Corporation within such time as the relevant authority may prescribe from time to time after notice in writing has been served upon him by the Clearing Corporation, he may be suspended by the relevant authority until he makes payment and if within a further period of time as may be specified from time to time, he fails to make such payment, he may be declared a defaulter or may be expelled by the relevant authority.

12. CONTINUED ADMITTANCE

The relevant authority shall from time to time prescribe conditions and requirements for continued admittance to Clearing Membership which may, inter alia, include maintenance deposit or contribution to Settlement Guarantee Fund, minimum networth and capital adequacy. The Clearing Membership of any person who fails to meet these requirements shall be liable to be terminated.

13. RE-ADMISSION OF DEFAULTERS

- (1) A Clearing Member's right of membership shall lapse and vest with the Clearing Corporation immediately he is declared a defaulter. The Clearing Member who is declared a defaulter shall forfeit all his rights and privileges as a Clearing Member, including any right to use of or any claim upon or any interest in any property or funds of the Clearing Member with the CD segment of the Clearing Corporation.
- (2) The relevant authority reserves the right to re-admit a defaulting member and it may re-admit a defaulter as a Clearing Member subject to the provisions, terms and conditions as may be specified by the relevant authority from time to time.
- (3) The relevant authority may readmit only such defaulter who in its opinion:
 - (a) has paid up all dues to the Clearing Corporation, other Clearing Members and constituents;
 - (b) has no insolvency proceedings against him in a Court or has not been declared insolvent by any Court;
 - (c) has defaulted owing to the default of principals whom he might have reasonably expected to be good for their commitments;
 - (d) has not been guilty of bad faith or breach of the Bye Laws, Rules and Regulations ;
 - (e) has been irreproachable in his general conduct.

CHAPTER V

DISCIPLINARY PROCEEDINGS, PENALTIES, SUSPENSION AND EXPULSION

1. DISCIPLINARY JURISDICTION

The relevant authority may expel or suspend and/or fine and/or penalise under censure and/or warn and/or withdraw all or any of the membership rights of a Clearing Member if he is guilty of contravention, non-compliance, disobedience, disregard or evasion of any of the Bye Laws, Rules and Regulations or of any resolutions, orders, notices, directions or decisions or rulings of the CD segment of the Clearing Corporation or the relevant authority or of any other Committee or officer of the Clearing Corporation authorised in that behalf or of any conduct, proceeding or method of business which the relevant authority in its absolute discretion deems dishonourable, disgraceful or unbecoming a Clearing Member or inconsistent with just and equitable principles or detrimental to the interests, good name or welfare of the Clearing Corporation or prejudicial or subversive to its objects and purposes.

2. PENALTY FOR BREACH OF RULES, BYE-LAWS AND REGULATIONS

Every Clearing Member shall be liable to suspension, expulsion or withdrawal of all or any of his Clearing Membership rights and/or to payment of fine and/or to be censured, reprimanded or warned for contravening, disobeying, disregarding or willfully evading of any of these Rules, Bye-laws and Regulations or any resolutions, orders, notices, directions, decisions or rulings thereunder of the CD segment of the Clearing Corporation, Securities Contracts (Regulation) Act, 1956 and/or Rules thereunder, Securities and Exchange Board of India Act, 1992 and/or Rules thereunder, the Board of Directors, Executive Committee, Managing Director or any officer of the Clearing Corporation or for any disreputable or fraudulent transactions or dealings or method of business which the Board of Directors in its absolute discretion deems unbecoming a Clearing Member of the Clearing Corporation or inconsistent with just and equitable principles.

3. PENALTY FOR MISCONDUCT, UNBUSINESSLIKE CONDUCT AND UNPROFESIONAL CONDUCT

A Clearing Member shall be liable to expulsion or suspension or withdrawal of all or any of his membership rights and/or to payment of a fine and/or penalty and/or to be censured, reprimanded or warned for any misconduct, unbusinesslike conduct or unprofessional conduct as provided in the provisions in that behalf as provided herein.

(1) Misconduct

- (a) *Fraud* : If he is convicted of a criminal offence or commits fraud or a fraudulent act which in the opinion of the relevant authority renders him unfit to be a Clearing Member;
- (b) *Violation* : If he has violated provisions of any statute governing the activities, business and operations of the Clearing Corporation, Clearing Members and securities business in general;
- (c) *Improper Conduct*: If in the opinion of the relevant authority he is guilty of dishonourable or disgraceful or disorderly or improper conduct on the Clearing Corporation or of willfully obstructing the business of the Clearing Corporation;

- (d) *Breach of Rules, Bye Laws and Regulations*: If he shields or assists or omits to report any Clearing Member whom he has known to have committed a breach or evasion of any Bye Laws, Rules and Regulation of the or of any resolution, order, notice or direction thereunder of the relevant authority or of any Committee or officer of the Clearing Corporation authorised in that behalf; Securities Contracts (Regulations) Act, 1956 and/or Rules thereunder, Securities and Exchange Board of India Act, 1992 and/or Rules thereunder.
- (e) *Failure to comply with Resolutions* : If he contravenes or refuses or fails to comply with or abide by any resolution, order, notice, direction, decision or ruling of the relevant authority or of any Committee or officer of the Clearing Corporation or other person authorised in that behalf under the Bye Laws, Rules and Regulations ;
- (f) *Failure to submit to or abide by Arbitration* : If he neglects or fails or refuses to submit to the relevant authority or to a Committee or an officer of the Clearing Corporation authorised in that behalf, such books, correspondence, documents and papers or any part thereof as may be required to be produced or to appear and testify before or cause any of its partners, attorneys, agents, authorised representatives or employees to appear and testify before the relevant authority or such Committee or officer of the Clearing Corporation or other person authorised in that behalf;
- (g) *Failure to testify or give information* : If he neglects or fails or refuses to submit to the relevant authority or to a Committee or an officer of the Clearing Corporation authorised in that behalf, such books, correspondence, documents and papers or any part thereof as may be required to be produced or to appear and testify before or cause any of its partners, attorneys, agents, authorised representatives or employees to appear and testify before the relevant authority or such Committee or officer of the Clearing Corporation or other person authorised in that behalf;
- (h) *Failure to submit Special Returns*: If he neglects or fails or refuses to submit to the relevant authority within the time notified in that behalf special returns in such form as the relevant authority may from time to time prescribe together with such other information as the relevant authority may require whenever circumstances arise which in the opinion of the relevant authority make it desirable that such special returns or information should be furnished by any or all the Clearing Members;
- (i) *Failure to submit Audited Accounts*: If he neglects or fails or refuses to submit its audited accounts to the Clearing Corporation within such time as may be specified by the relevant authority from time to time;
- (j) *Failure to compare or submit accounts with Defaulter*: If he neglects or fails to compare his accounts with the relevant authority or to submit to it a statement of its accounts with a defaulter or a certificate that he has no such account or if he makes a false or misleading statement therein;

- (k) *False or misleading Returns*: If he neglects or fails or refuses to submit or makes any false or misleading statement in his clearing forms or returns required to be submitted to the CD segment of the Clearing Corporation under the Bye Laws, Rules and Regulations;
- (l) *Vexatious complaints*: If he or his agent brings before the relevant authority or a Committee or an officer of the Clearing Corporation or other person authorised in that behalf a charge, complaint or suit which in the opinion of the relevant authority is frivolous, vexatious or malicious;
- (m) *Failure to pay dues and fees*: If he fails to pay his subscription, fees, arbitration charges or any other money which may be due by it or any fine or penalty imposed on him.

(2) Unbusinesslike Conduct

A Clearing Member shall be deemed guilty of unbusinesslike conduct for any of the following or similar acts or omissions namely:

- (a) *Fictitious Names*: If he transacts his own business or the business of his constituent in fictitious names or if he carries on business in more than one clearing segment of the Clearing Corporation under fictitious names;
- (b) *Circulation of rumours*: If he, in any manner, circulates or causes to be circulated, any rumours;
- (c) *Unwarrantable Business*: If he engages in reckless or unwarrantable or unbusinesslike dealings in the market or effects purchases or sales for his constituent's account or for any account in which he is directly or indirectly interested which purchases or sales are excessive in view of his constituent's or his own means and financial resources or in view of the market for such security;
- (d) *Compromise* : If he connives at a private failure of a Clearing Member or accepts less than full and bona fide money payment in settlement of a debit due by a Clearing Member arising out of a deal in securities;
- (e) *Dishonoured Cheque*: If he issues to any other Clearing Member or to its constituents or to the Clearing Corporation a cheque which is dishonoured on presentation for whatever reasons;
- (f) *Failure to carry out transactions with Constituents*: If he fails in the opinion of the relevant authority to carry out its committed transactions with its constituents;

(3) Unprofessional Conduct

A Clearing Member shall be deemed guilty of unprofessional conduct for any of the following or similar acts or omissions namely:

- (a) *Business in Securities in which dealings not permitted*: If he enters into dealings in securities in which dealings are not permitted;
- (b) *Business for Defaulting Constituent*: If he deals or transacts business directly or indirectly or executes an order for a constituent who has within his knowledge failed to carry out engagements relating to securities and is in

default to another Clearing Member unless such constituent shall have made a satisfactory arrangement with the Clearing Member who is his creditor;

- (c) *Business for Insolvent:* If without first obtaining the consent of the relevant authority he directly or indirectly is interested in or associated in business with or transacts any business with or for any individual who has been bankrupt or insolvent even though such individual shall have obtained his final discharge from an Insolvency Court;
- (d) *Business without permission when under suspension:* If without the permission of the relevant authority he does business on his own account or on account of a principal with or through a Clearing Member during the period he is required by the relevant authority to suspend business on the Clearing Corporation;
- (e) *Business for or with suspended, expelled and defaulter Clearing Members:* If without the special permission of the relevant authority he shares brokerage with or carries on business or makes any deal for or with any Clearing Member who has been suspended, expelled or declared a defaulter;
- (f) *Business for Employees of other Clearing Members:* If he transacts business directly or indirectly for or with or executes a deal for an authorised representative or employee of another Clearing Member without the written consent of such employing Clearing Member;
- (g) *Evasion of Margin Requirements:* If he willfully evades or attempts to evade or assists in evading the margin requirements specified in these Bye Laws and Regulations;
- (h) *Clearing Fees:* If he willfully evades or attempts to evade or assists in evading the Bye Laws and Regulations relating to clearing fees.
- (i) *Advertisement:* If he advertises for business purposes or issues regularly circular or other business communication to persons other than his own Constituents, Trading Members of the Exchange, Banks and Joint Stock Companies or publishes pamphlets, circulars or any other literature or report or information relating to the stock markets, without the prior written permission of the Clearing Corporation or in contravention of the advertisement code prescribed by the Clearing Corporation.

4. CLEARING MEMBER RESPONSIBLE FOR PARTNERS, AGENTS AND EMPLOYEES

A Clearing Member shall be fully responsible for the acts and omissions of its authorised officials, attorneys, agents, authorised representatives and employees and if any such act or omission be held by the relevant authority to be one which if committed or omitted by the Clearing Member would subject it to any of the penalties as provided in the Bye Laws, Rules and Regulations then such Clearing

Member shall be liable thereof to the same penalty to the same extent as if such act or omission had been done or omitted by him.

5. SUSPENSION ON FAILURE TO PROVIDE MARGIN DEPOSIT, DEPOSIT OR CONTRIBUTION TO SETTLEMENT GUARANTEE FUND OR MEET CAPITAL ADEQUACY NORMS

The relevant authority may suspend a Clearing Member and/or require a Clearing Member to suspend his business if he fails to provide the margin deposits, deposits and contributions to Settlement Guarantee Fund and/or meet capital adequacy norms as provided in these Bye Laws, Rules and Regulations and the suspension of business shall continue until the Clearing Member furnishes the necessary margin deposit or deposit/contribution to Settlement Guarantee Fund or meet capital adequacy norms. The relevant authority may expel Clearing Member acting in contravention of this provision.

6. SUSPENSION OF BUSINESS

The relevant authority may suspend a Clearing Member and/or require a Clearing Member to suspend its business in part or in whole on any Clearing Segment:

- (a) Unwarrantable Business: When in the opinion of the relevant authority the Clearing Member engages in unwarrantable business or effects deals for its constituents' account or for any account in which he is directly or indirectly interested which deals are excessive in view of his constituent's or his own means and financial resources or in view of the market for such security, or
- (b) Unsatisfactory Financial Condition: When in the opinion of the relevant authority the Clearing Member is in such financial condition that he cannot be permitted to do business with safety to his creditors or the Clearing Corporation.

7. REMOVAL OF SUSPENSION

The suspension of business as mentioned above shall continue until the Clearing Member has been allowed by the relevant authority to resume his business on paying such deposit or his doing such act or providing such thing as the relevant authority may require.

8. PENALTY FOR CONTRAVENTION

A Clearing Member who is suspended or who is required to suspend his business or part thereof may be expelled by the relevant authority, if he acts in contravention of such suspension or requirement.

9. CLEARING MEMBERS AND OTHERS TO TESTIFY AND GIVE INFORMATION

A Clearing Member shall appear and testify before and cause its partners, attorneys, agents, authorised representatives and employees to appear and testify before the relevant authority or before other Committee(s) or an officer of the Clearing Corporation authorised in that behalf and shall produce before the relevant authority or before other Committee(s) or an officer of the Clearing Corporation authorised in that behalf, such books, correspondence, documents, papers and records or any part thereof which may be in its possession and which may be deemed relevant or material to any matter under inquiry or investigation.

10. PERMISSION NECESSARY FOR LEGAL

REPRESENTATION

No person shall have the right to be represented by professional counsel, attorney, advocate or other representative in any investigation or hearing before the relevant authority or any other Committee unless the relevant authority or other Committee so permits.

11. EXPLANATION BEFORE EXPULSION

A Clearing Member shall be entitled to be summoned before the relevant authority and afforded an opportunity for explanation before being expelled but in all cases the findings of the relevant authority shall be final and conclusive.

12. IMPOSITION OF PENALTIES

The penalty of suspension, withdrawal of all or any of the membership rights, fine, censure or warning may be inflicted singly or conjointly by the relevant authority. The penalty of expulsion may be inflicted by relevant authority.

13. PRE-DETERMINATION OF PENALTIES

The relevant authority shall have the power to pre-determine the penalties, the period of any suspension, the withdrawal of particular membership rights and the amount of any fine that would be imposed on contravention, non-compliance, disobedience, disregard or evasion of any Bye Law, Rules or Regulations of the, or of any resolution, order, notice, direction, decision or ruling thereunder of the, CD segment of the Clearing Corporation, the relevant authority or of any other Committee or officer of the Clearing Corporation authorised in that behalf.

14. COMMUTATION

The relevant authority in its discretion may in any case suspend a Clearing Member in lieu of the penalty of expulsion or may withdraw all or any of the membership rights or impose a fine in lieu of the penalty of suspension or expulsion and may direct that the guilty Clearing Member be censured or warned or may reduce or remit any such penalty on such terms and conditions as it deems fair and equitable.

15. RECONSIDERATION/REVIEW

The relevant authority may of its own or on appeal by the Clearing Member concerned, reconsider and rescind, revoke or modify its order fining, censuring, warning or withdrawing all or any of the membership rights of the Clearing Member. In a like manner the relevant authority may rescind, revoke or modify its resolution expelling or suspending any Clearing Member.

16. FAILURE TO PAY FINES AND PENALTIES

If a Clearing Member fails to pay any fine or penalty imposed on him within such period as specified from time to time by the relevant authority he may be suspended by the relevant authority until he makes payment and if within a further period as specified from time to time he fails to make such payment he may be expelled by the relevant authority.

17. CONSEQUENCE OF SUSPENSION

The suspension of a Clearing Member shall have the following consequences:

(1) Suspension of Membership Rights

A suspended Clearing Member shall during the terms of his suspension, be deprived of and excluded from all rights and privileges of membership but he may be proceeded against by the relevant authority for any offence committed by him before or after suspension and the relevant authority shall not be debarred from taking cognisance of and dealing with or adjudicating on claims made against him by other Clearing Members.

(2) Rights of creditors unimpaired

The suspension shall not affect the rights of Clearing Members who are creditors of the suspended Clearing Members and rights of the Clearing Corporation.

(3) Fulfillment of Deals and Obligations

The suspended Clearing Member shall be bound to fulfil obligations and deals outstanding at the time of his suspension.

(4) Further business prohibited

The suspended Clearing Member shall not during the terms of his suspension transact any business provided that he may with permission of the relevant authority close the deals outstanding at the time of his suspension.

18. CONSEQUENCES OF EXPULSION

The expulsion of a Clearing Member shall have the following consequences namely:

(1) Clearing Membership Rights forfeited

The expelled Clearing Member shall forfeit to the Clearing Corporation its right of Clearing Membership and all rights and privileges as a Clearing Member including any right to the use of any claim upon or any interest in any property or funds of the Clearing Corporation but any liability of any such Clearing Member to the Clearing Corporation or to any Clearing Member shall continue and remain unaffected by its expulsion.

(2) Office vacated

The expulsion shall create a vacancy in any office or position held by the expelled Clearing Member.

(3) Rights of Creditors unimpaired

The expulsion shall not affect the rights of the Clearing Members who are creditors of the expelled Clearing Member.

(4) Fulfillment of Deals and Obligations

The expelled Clearing Member shall be bound to fulfil deals and obligations outstanding at the time of his expulsion and he may with the permission of the relevant authority close such outstanding transactions.

(5) Clearing Members not to deal

No Clearing Member shall transact business for or with the expelled Clearing Member except with the previous permission of the relevant authority.

(5A) Provisions of byelaws regarding consequences of declaration of default to follow

The provisions regarding consequences of declaration of defaulter contained in Chapter XI of the Byelaws of the Clearing Corporation shall apply to the expelled Clearing Member as if such Clearing Member has been declared defaulter.

(6) Expulsion Rules to Apply

When a Clearing Member ceases to be a Clearing Member under the provisions of these Bye Laws and Rules otherwise than by death, default or resignation, it shall be as if such Clearing Member has been expelled by the relevant authority and in that event all the provisions relating to expulsion contained in these Rules shall apply to such Clearing Member in all respects.

19. NOTICE OF PENALTY AND SUSPENSION OF BUSINESS

- (1) Notice shall be given to the Clearing Member concerned and to the Clearing Members in general by such mode as may be decided by the relevant authority from time to time of the expulsion or suspension or default of or of the suspension of business by a Clearing Member or of any other penalty imposed on it or on its partners or other employees. The relevant authority may in its absolute discretion and in such manner as it thinks fit notify or cause to be notified to the Clearing Members or to the public that any person who is named in such notification has been expelled, suspended, penalised or declared a defaulter or has suspended his business or ceased to be a Clearing Member. No action or other proceedings shall in any circumstances be maintainable by such person against the Clearing Corporation or the relevant authority or any officer or employee of the Clearing Corporation for the publication or circulation of such notification. The application for Clearing Membership or the application for registration as the constituted attorney or authorised representative or by the person concerned shall operate as license and these Bye Laws and Rules shall operate as leave to print, publish or circulate such advertisement or notification and be pleadable accordingly.
- (2) Notwithstanding anything contained in these provisions, if in the opinion of the relevant authority it is necessary to do so, he may, for reasons to be recorded in writing, temporarily suspend forthwith the Clearing Member, pending completion of appropriate proceedings for suspension under this chapter by the relevant authority, and no notice of hearing shall be required for such temporary suspension and such temporary suspension shall have the same consequences of suspension under this chapter, provided that appropriate proceedings provided in this chapter shall be commenced by issue of a notice to show cause to the Clearing Member within 10 days of such temporary suspension. Any such temporary suspension may be revoked at the discretion of the relevant authority, for reasons to be recorded in writing, if the relevant authority is satisfied that the circumstances leading to the formation of opinion of the relevant authority to suspend, has ceased to exist or are satisfactorily resolved.

THE COMPANIES ACT, 1956
(A COMPANY LIMITED BY SHARES)
MEMORANDUM OF ASSOCIATION OF
MCX-SX CLEARING CORPORATION LIMITED

- I. The name of the Company is **MCX – SX CLEARING CORPORATION LIMITED**
- II. The Registered Office of the Company is situated in the State of Maharashtra i.e. within the jurisdiction of the Registrar of Companies, Maharashtra at Mumbai.
- III. The objects for which the Company is established are
 - A. **THE MAIN OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:**
 1. To act as central counterparty to all trades and provide full novation, to facilitate, set up and carry on the business of periodic clearing and settlement of, currency futures, contracts and differences, shares, stock, debentures, bond, units, deposit certificates, notes, warrants and securities including securities defined under the Securities Contract (Regulation) Act, 1956, and instruments of any kind traded, facilitate the delivery of , and payment for, securities, and to ensure completion and guarantee of settlement and to facilitate, promote, assist, regulate and manage dealing in securities, instruments, carry on matter incidental to, or connected with the activities of the Company and facilitate transfer of the duties and functions of an existing clearing houses to the Company.
 2. To initiate, facilitate, promote, assist, undertake and manage all activities in relation to multi-asset Stock Exchanges, Money Markets, Financial Markets, Securities Markets, Capital Markets, custodial and depository services including but not limited to taking measures for ensuring greater liquidity, facilitating intra and inter market dealings and generally to facilitate clearing and settlement of transactions in securities and instruments.
 - B. **THE OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS:**
 3. To frame and enforce Rules, Bye-laws and Regulations as may be required for regulating the mode and manner, the conditions subject to which the business of the Corporation shall be transacted and the rules of conduct of the clearing members of the Corporation, including all aspects relating to clearing membership, trading, settlement, including guarantee of settlements, settlement fund, constitution of committees, delegation of authority and general diverse matters pertaining to the Corporation and also including code of conduct and business ethics for the clearing members and from time to time to amend or alter such Rules, Bye-laws and Regulations or any of them and to make any new amended or additional Rules, Bye-laws or Regulations for the purpose aforesaid.
 4. To settle disputes and to decide all questions of trading, clearing and settlement methods, practices, usages, custom or courtesy in the conduct of trade and business of the Corporation.
 5. To fix, charge, recover; receive security deposits, admission fee, fund subscriptions, subscription from clearing members of the Corporation or the Company in terms of the Articles of Association and Rules and Regulations of the Corporation and also to fix, charge and recover deposits, margins, penalties, ad hoc levies and other charges.
 6. To facilitate resolution of disputes by arbitration or to nominate arbitrators or umpires on such terms and in such cases as may seem expedient; to set up regional or local arbitration panels and to provide for arbitration of all disputes and claims in respect of all transactions relating to or arising out of or in connection with or pertaining to the business of the Corporation and including arbitration of disputes between clearing members of the Corporation and between clearing members of the Corporation and persons who are not clearing members of the

Corporation but constituents of clearing members of the Company; and to remunerate such Arbitrators, Regional Arbitration Panels or Local Panels and to make, amend and alter Rules, Bye-laws and Regulations in relation to such arbitration proceedings, the fees of arbitrators, the costs of such arbitration, and related matters and to regulate the procedures thereof and enforcement of awards and generally to settle disputes and to decide all questions of usage, custom or courtesy in the conduct of trade and business in Securities.

7. To act as a custodian or depository of securities and instruments of all kinds including derivatives thereof, by itself or in association with or through any other Company or person or department of the Government or authority for purposes of storage, in any form gratuitously or otherwise, letting on hire and otherwise disposing off safes, strong rooms and other receptacles for money, securities and documents or securities, of all kinds.
- 7A. To undertake Depository Participant activities, functions and responsibilities and such other activities which are ancillary and incidental thereto.⁴⁴
8. To establish and maintain or to arrange or appoint agents, to establish and maintain clearing house for the objects and purposes of the Company or maintain a stock holding and clearing corporation, depository, clearing house or division and to control and regulate the working and administration thereof.
9. To enter into any arrangements with the Government which may seem desirable and to obtain from such Government any power, rights, licences, privileges or concessions, which may be deemed necessary and desirable for the purpose set out in the Memorandum.
10. To act as Trustees of any deeds constituting or securing any debentures, debenture stock or other securities or obligations and to undertake and execute any other trusts and also undertake the office of or exercise the powers of executor, administrator, receiver, custodian and trust corporation.
11. To enter into arrangement with any State or Authority central state municipal local or otherwise which may seem conducive to the Company's object or any of the them and to obtain from such Government or Authority any concessions, grants or decrees, rights or privileges or whatsoever which the Company may think fit, or which may seem to the Company capable of being turned to account and to comply with work, develop, carry out, exercise and turned to account and to comply with work, develop, carry out, exercise, turn to account any such arrangements, concessions, grants, decrees, rights or privileges.
12. To acquire collect, preserve, disseminate or sell statistical or other information in connection with the trade, to maintain a library and to print, publish, undertake manage and carry on any news paper, journal, magazine, pamphlet, official year book, daily or other periodical quotation list or other works in connection with or in furtherance of the object of the Corporation.
13. To improve and elevate the technical and business knowledge of persons engaged in or about to be engaged in trade, banking, commerce, finance or Company administration or dealing in stocks, shares and securities of any other kind or in connection therewith and with a view thereto to provide for delivery of lectures and the holding of classes and to test by examination or otherwise the competence of such persons and to award certificates and diplomas and to institute and establish scholarships, grants and other benefactions and to setup or form any such technical or educational institutions and to run and administer it.
14. To subscribe for becoming a member of and co-operate with any other association whether incorporated or not, whose objects are to promote the interests represented by the Corporation or to promote general commercial and trade interests and to procure from and communicate to such association such information as may further the objects of the Corporation or promote measures for the protection of the trade of any interest therein.
15. To take part in the management of or set up an advisory or research division and act as consultants and advisers for the setting up and organizing of dealing in securities or clearing

⁴⁴ Inserted by special resolution passed by the members of the Company at their EGM held on 15.12.2010, effective from 14.01.2011, which was the date of registration by ROC u/s 18(1) of Companies Act, 1956.

and settlement in India or abroad, and to act as consultants for securities and their marketing and advising on the incidents and features of the business of the Corporation and to enter into an association with any Exchange in India or abroad whether by subscription or on a co-operation principle for furthering the objects of the Company.

16. To enter into any partnership or arrangement in the nature of a partnership, co-operation or union of interest, with any person or persons, Company or corporation engaged or interested or about to become engaged or interested in the carrying on or conduct of any business or enterprises which this Company is authorised to carry on or conduct or from which the Corporation would or might derive any benefit whether direct or indirect.
17. To acquire and take over either the whole or any part of business, goodwill, trade mark, patent, property, assets and liability of any person or persons, firm, body corporate or corporation carrying on any business which it is authorised to carry on.
18. To open banking account with any Bank and pay into and draw money from such account.
19. To pay out the funds of the Company all costs, charges and expense which the Company may lawfully pay with respect to the promotion, formation, establishment and registration of the Company and / or the issue of its capital including therein the cost of printing and stationery, professional, lawyers, or any other experts fees and expenses.
20. To appoint trustee or trustees (whether individuals or corporations) to hold securities, on behalf of and to protect the interest of the Company.
21. To amalgamate with any company or companies or associations having objects altogether or in part similar to those of this company.
22. To form, promote, subsidize or organize and assist or aid in forming, constituting, promoting, subsidizing, organizing and assisting or aiding companies or partnerships of all kinds for the purpose of acquiring any undertaking or any property whether movable or immovable, whether with or without liability of such undertaking or company or any other company, for advancing directly or indirectly the objects hereof and to take or otherwise acquire hold and dispose of shares, debentures and other securities in or of any such company and to subsidize or otherwise assist or manage or own any such Company.
23. To do in Indian or any other part of the world either as principal, agents, trustees, contractors or otherwise either alone or in conjunction with others and either by or through agents, contractors, trustees, or otherwise to the attainment of the Object of the Company.
24. To own, establish or have and maintain offices, branches, and agencies in or out of India for its business and for securing its customers.
25. To exercise all or any of its corporate powers, rights and privileges and to conduct its business in all or any of its branches in the Union of India and in any or all states and territories thereof and in any or all foreign countries and for this purpose and agencies therein as may be convenient.
26. To subscribe, contribute, make donations or grants or guarantee money for any general or useful object or fund or institution and to aid pecuniary or otherwise, any association, body or movement.
27. To establish and support or assist in the establishment and support of any funds (whether Settlement Fund or Investor Protection Fund or any other funds), trusts and conveniences calculated to advance and further the objects and purposes of the Company and the Capital and Financial Markets in General.
28. To make payments or disbursements out of the funds or other movable property of the Company for any of the purposes specified in those presents and the Articles of Association and Rules, Bye-Laws and Regulations of the Corporation and to make, draw, accept, endorse, discount, execute warrants, debentures or other negotiable or transferable documents.
29. To seek for and secure openings and opportunities for the employment of capital with the view to prospect, inquire, examine, explore and test the capital and security commodity markets and dispatch and employ expeditions, commissions and other agents of the business of the Company.

30. To borrow, raise loans in any form , receive deposits, create indebtedness, to receive grants or advances (whether interest free or not) equity loans or raise any monies required for the objects and purposes of the company upon such terms and in such manner and with or without security as may from time to time be determines and in particular by the issue of debentures, debenture stock, bonds or other securities, provided always and it is hereby expressly declared as an original and fundamental condition of any such borrowing or raising of monies, that in all cases and under all circumstances any person claiming payment whether of principal or interest or otherwise howsoever in respect of the monies so borrowed or raised shall be entitled to claim such payment only out of the funds, properties and other assets of the Company which alone shall be deemed to be liable to answer and make good all claims and demands whatsoever under and in respect of the monies so borrowed or raised and not the personal funds, properties and other assets of all or any one or more of the Members of the board of Directors or members of the Company, their or his heirs, executors, administrators, successors and assigns who shall not and shall not be deemed to, in any way, incur any personal liability or render themselves or himself personally subject or liable to any claims or demands or be charged under and in respect of the monies so borrowed or raised, and in the event of the funds, properties and other assets of the Corporation being insufficient to satisfy the claims of all persons claiming payment as aforesaid , the right of any such person shall be limited to and he shall not be entitled to claim anything more than his part or share of such funds, properties and other assets of the Company in accordance with the terms and conditions on which the monies have been so borrowed or raised.
31. To invest, lend or advance the monies of the Company not immediately required in or upon such security and with or without interest and in such other investments as may from time to time be determined by the Company.
32. For all or any of the purposes of the Company to draw, make, accept, endorse, discount, execute, issue, negotiate and sell bills of exchange, promissory notes, cheques, bills of lading, warrants, debentures and other negotiable instruments with or without security and also to draw and endorse promissory notes and negotiate the same and also take and receive advances by discounting or otherwise with or without security, upon such terms and conditions as the Company deems fit and also to advance any sum or sums of monies upon materials or other goods or any other , things upon such terms and securities as the Company may deem expedient.
33. To receive money on deposit or otherwise upon such terms and conditions and to give guarantee and indemnities in respect of debts and contracts of others.
34. To secure or discharge any debt or obligation of or binding in such manner as may be thought fit and in particular by mortgages and charges and guarantees upon the undertaking and all or any of the assets and property(ies) (present and future) and the uncalled capital of the Company or by the creation and issue on such terms as may be thought expedient, of debentures, debenture-stock, or other securities /instruments of any description or by the issue of shares credited as fully or partly paid-up.
35. To remunerate any person or company for the services rendered or to be rendered in acting as trustees for debentures, debenture stocks holders, or placing or assisting to place or guarantee the placing of any of the shares in the Corporation's capital or debenture, debenture stock or other securities of the company or in or about the formation or promotion of the company or the conduct of its business or for guaranteeing the payment of such debentures or debenture stock and interest .
36. To insure any or all of the properties, undertakings, contracts, risks or obligations of the Corporation in any manner whatsoever.
37. To give guarantee, and carry on and transact every kind of guarantee and counter guarantee business and in particular the payment of any principal monies, interest or other monies secured by or payable under debentures, bonds, debenture-stock, mortgage, charges, contracts, obligations, securities and instruments and the payment of dividends on and the repayment of the capital stocks, shares, securities and instruments of all kinds and descriptions.
38. To undertake and subscribe for, conditionally or unconditionally, stocks, shares, and securities of any other company.

39. To issue derivatives or acquire and sell any such shares, stocks, debentures, debenture stock, bonds, obligations or securities by original subscription, tender, purchase, incorporation or auction or otherwise and to subscribe for the same either conditionally or otherwise, and to guarantee to the subscription thereof and to exercise and enforce all rights and powers conferred by or incident to the ownership thereof in furtherance of the objects of the Company
 40. To erect, construct, extend and maintain suitable building(s) or premises for the use by the Company or its members and for any other purposes of the Company and to alter, add, modify, change to or remove or replace or substitute or augment space in any such building(s).
 41. To acquire by purchase, taking on lease or hire purchase or on suppliers credit or otherwise and to develop any property movable or immovable and any rights or privileges necessary or convenient for the purpose of the company and in particular and land, buildings, easements or safe deposit vaults or depositories or custody facilities.
 42. To Sell, mortgage, exchange, lease, let, underlease or sub-let, grant licences, easement and other rights over, improve, manage, develop and turn to account and in any other manner deal with or dispose of the undertaking, investments, property, assets, right and effects of the company any part thereof for such consideration as may be thought fit, including any stock, shares, or securities of any other company, whether partly or fully paid up.
 43. To apply for, purchase or otherwise acquire any patents, brevets, inventions, licences, concessions, rights, privileges and the like conferring of any exclusive or limited right to use any secret or other information as to invention which may seem capable of being used for any of the purposes of the Company or may appear likely to be advantageous or useful to the Company and to use, exercise, develop or grant licences, privileges in respect of or otherwise turn to account the property rights or information so acquired and to assist, encourage and spend money in making experiments of all inventions, patents and rights which the Company may require or propose to acquire in connection with its business.
 44. To appoint attorneys and agents whether on commission or otherwise and constitute agencies and sub-agencies of the Corporation in India and elsewhere.
 45. To distribute any of the property of the Corporation in specie among the members in the event of winding up subject to the provisions of the Act.
 46. To train or pay for the training in India or abroad of any of the Company's employees or any candidate in the interest of or for the furtherance of the objects of the Corporation.
 47. To provide for the welfare of employees or ex-employees of the Company and the wives and families or the dependents or connections of such person by building or contributing to the building of houses or dwellings or by grants of money, pensions, allowances, bonus or other payments or by creating from time to time, subscribing or contributing to provident and other associations, institutions funds or trustees and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries medical and other attendance and other assistance as the Corporation shall think fit.
 48. To indemnify officers, Directors, promoters and servants of the Company against proceedings, costs, damages claims and demands in respect of anything done or ordered to be done, for and in the interest of the Company or for any loss or damage or misfortune whatever happens in execution of duties of their offices on in relation thereto.
 49. To do all such other things as are incidental or conducive to the above objects or any of them.
- C. OTHER OBJECTS**
50. To take part in the management, supervision or control of the business or operations of any Company or undertaking and for that purpose to render technical and professional services and act as administrators or in any other capacity, and to appoint and remunerate any directors, administrators or accountants or other experts or agents for consideration or otherwise.
- IV. The liability of the Members is limited.**
- V. (a)** The Authorized Share Capital of the Company is Rs. 25,00,00,000/- (Rupees twenty five crores only) divided into 2,50,00,000 (two crores fifty lakh only) Equity Shares of Rs. 10/- (Rupees Ten only) each.

(b) The initial paid up capital of the Company shall be Rs. 5,00,00,000/- (Rupees five crores only)

We, the several persons whose names, addresses, descriptions and occupations as hereunto subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company as set opposite our respective names:-

Name, address and description of the Subscribers	Number of Equity Shares taken by each Subscriber	Signature (s)	Witness
<p>1. MCX Stock Exchange Limited (MCX-SX) Exchange Square, CTS 255, Suren Road, Andheri (East), Mumbai – 400093 Business (Represented by its Authorized Representative, Mr. Joseph Massey vide Board Resolution dated 06.10.2008)</p>	<p>25,49,998 (Twenty Five Lakhs Forty Nine Thousand Nine Hundred and Ninety Eight)</p>	Sd/-	<p>Witness to Subscriber No. 1 to 2 Sd/- Kamlesh N. Gujar Nivrutti R. Gujar 102 A, Landmark, Andheri (East), Chakala, Mumbai – 400 093</p>
<p>2. Multi Commodity Exchange of India Limited (MCX) Exchange Square, CTS 255, Suren Road, Andheri (East), Mumbai – 400093 Business (Represented by its Authorized Representative, Mr. V. Hariharan vide Board Resolution dated 20.09.2008)</p>	<p>12,99,999 (Twelve Lakhs Ninety Nine Thousand Nine Hundred and Ninety Nine)</p>	Sd/-	

3. Financial Technologies (India) Limited (FTIL) 601 Boston House, Suren Road, Chakala, Andheri (East) Mumbai – 400093. Business (Represented by its Authorized Representative, Mr. Hariraj Chouhan vide Board Resolution dated 31.10.2008)	11,49,999 (Eleven Lakhs Forty Nine Thousand Nine Hundred and Ninety Nine)	S d/-	Witness to Subscriber No. 3, 4, 4 Sd/- Kamlesh N. Gujar Nivrutti R. Gujar 102 A, Landmark, Andheri (East), Chakala, Mumbai – 400 093
4. Mr. Vaidyalingam Hariharan s/o. Mr. Vaidyalingam Sharma Plot-104, Tower-B, Flat-503-504 Dosti Elite, Next to Sion Telephone Exchange, Sion East Mumbai – 400022 Occupation : Service (Nominee of MCX-SX)	1 (ONE)	S d/-	
5. Mr. Joseph Massey s/o Mr. Daniel Massey 702, C Wing, Trans Residency, MIDC, SEEPZ, Off Mahakali Caves Road, Andheri (East) Mumbai – 400093 Occupation : Service (Nominee of MCX -SX)	1 (ONE)	S d/-	
6. Mr. P. Ramanathan s/o. Mr. P Padmanabhan 240/6243, Mahavir Prem, Pant Nagar, Ghatkopar (East), Mumbai – 400075 Occupation : Service (Nominee of MCX)	1 (ONE)	S d/-	Witness to Subscriber No. 6 to 7 Sd/- Kamlesh N. Gujar Nivrutti R. Gujar

7. Mr. Hariraj Chouhan s/o. Mr. Shankar Chouhan Apollo 'A' Wing, Hiranandani Estate, G.B. Road Thane (West) – 400607 Occupation : Service (Nominee of FTIL)	1 (ONE)	S d/-	
TOTAL	50,00,00 0 Equity Shares		

Date: 6th November 2008

Place: Mumbai

THE COMPANIES ACT, 1956
PUBLIC COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
MCX-SX CLEARING CORPORATION LIMITED

Table A to apply

Subject as hereinafter provided, the Regulations contained in Table 'A' of the First Schedule to the Companies Act, 1956 shall apply to the Company except so far they have been specifically excluded or modified under these Articles.

INTERPRETATION CLAUSE

Interpretation

1. In these presents, the following words and expressions shall have the following meaning unless excluded by the subject or the context,
 - (a) "The Act" or "the said Act" shall mean the Companies Act, 1956 and includes every statutory modification or replacements thereof, for the time being in force.
 - (b) "Bye-laws", "Rules" and "Regulations" shall mean the Bye-Laws, Rules and Regulations of the Corporation, for the time being in force.
Explanation: Rules shall include Memorandum and Articles of Association of the Company.
 - (c) "Company" shall mean MCX-SX Clearing Corporation Limited.
 - (d) "Corporation" shall mean one or more undertakings of the Company wherein the business of the Company shall be conducted.
 - (e) "Board", "Board of Directors" or "the Directors" shall mean the Board of Directors of the Company or the Directors of the Company collectively.

- (ea) "Electronic Mode", with reference to any meeting of the Board of Directors or a Committee thereof or that of the shareholders, means employment of video conference facility i.e., any audio-visual electronic communication facility which enables all person participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting.⁴⁵
 - (eb) "Key Management Personnel" means a person serving as head of any department or in such senior executive position that stands higher in hierarchy to the head(s) of department(s) in the Company.⁴⁵
 - (f) "Members of the Company" or "Members" shall mean the duly registered holders, from time to time, of the shares of the Company and include the subscribers to the Memorandum of Association of the Company.
 - (g) "The Office" shall mean the registered office for the time being of the Company.
 - (ga) "Public Interest Director" means an independent director, representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the Board, is in conflict with his role.⁴⁵
 - (h) "Register" shall mean the register of the members to be kept pursuant to Section 150 of the Act.
 - (i) "Seal" shall mean the Common Seal for the time being of the Company.
 - (ia) "Shareholder Director" means a director who represents the interest of shareholders, and elected or nominated by such shareholders who are not clearing members, or their associates and agents.⁴⁵
 - (ib) "SEBI Regulations" shall mean the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, including any statutory amendments, modifications thereto or such other regulations as may be in force from time to time, read with any clarification, circulars or guidelines that may be issued by SEBI from time to time.⁴⁵
 - (j) "Clearing Member of the Corporation" shall mean any person admitted to the clearing membership of the Corporation but does not denote the membership of the Company.

Explanation: There may be more that one class of clearing members of the Corporation as may be determined by the Board from time to time. A clearing member of the Corporation shall not have any rights as a member of the Company. A "Clearing Member of the Corporation" is not necessarily required to be member of the Company.
 - (k) "Writing" shall include printing, typewriting, lithography and any other usual substitutes for writing.
 - (l) "Year" shall mean "Financial Year of the Company".
- 2
- (a) Words importing persons shall include companies, corporations, firms joint families or joint bodies, association of persons, societies, trusts, public financial institutions, subsidiaries of any of the public financial institutions or banks or companies;
 - (b) Words importing the masculine gender shall include the feminine gender and vice versa and neutral gender in the case of companies, corporations, firms etc.
 - (c) Words importing the singular shall include the plural and vice versa.
 - (d) Unless otherwise defined in these presents or unless the context requires or indicates a different meaning, any words or expression occurring in these presents shall bear the same meaning as in the Companies Act, 1956 and the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992 or any modifications or re-enactments, thereof or any Rules, notifications, Regulations, guidelines, circulars, etc. framed thereunder.
 - (e) Marginal notes shall not effect the constructions hereof.

⁴⁵ Inserted vide special resolution passed at Annual General Meeting held on September 25, 2012

SHARE CAPITAL

- 3 (a) The Authorised Share Capital of the Company shall be of such amount and such description as is started for the time being or at any time in the Company's Memorandum of Association and the Company shall have the power to increase or reduce the share capital from time to time in accordance with the regulations of the Company and the legislative provisions for the time being in force in this behalf and subject to the provisions of the Act, the shares in the Capital of the Company for the time being whether original or increased or reduced may be divided into classes with any preferential, deferred, qualified or other rights, privileges, conditions or restrictions attached thereto whether in regard to dividend voting, return of capital or otherwise.
- (b) The minimum paid-up capital of the Company is Rs. 5,00,000/- (Rupees Five Lacs) only.

Register of Members and Debenture-holders etc.

- 4 The Company shall cause to be kept a Register of Members, an Index of members, a Register of Debenture-holders and an Index of Debenture-holders in accordance with Sections 150, 151 and 152 of the Act.

Inspection of Register of Members and Debenture-holders etc.

- 5 The Register of Members, the Index of Members, the Register and Index of Debenture-holders, copies of all Annual Returns prepared under Section 159 of the Act, together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act shall, except when the Register of Members or Debenture-holders is closed under the provisions of the Act or these presents, be open during business hours (subject to such reasonable restriction as the Company may impose) to inspection of any Member or Debenture-holder gratis and to inspection of any other person on payment of such sum as may be prescribed by the Act for each inspection. Any such Member or person may take extracts therefrom on payment of such sum as may be prescribed by the Act.

The Company to send extract of Register, etc.

- 6 The Company shall send to any Member, Debenture-holder or other person on request, a copy of the Register of Members, the Index of Members, the Register and Index of Debenture-holders or any part thereof required to be kept under the Act, on payment of such sum as may be prescribed by the Act. The copy shall be sent within the period of ten days, exclusive of non-working days, commencing on the day next after the day on which the requirement/ request is received by the Company.

Restriction on allotment.

- 7 The Board shall observe the restriction as to allotment contained in Sections 69, and 70 of the Act and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.

Shares at the disposal of the Directors

- 8 Subject to the provisions of the Act and these presents, the shares in the Capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Board of Directors who may allot or otherwise dispose off the same or any of them to such persons in such proportions and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 78 and 79 of the Act) at a discount and at such times as they may from time to time think fit and proper. Provided that option or right to call shares shall not be given to any person except with the sanction of the Company in General Meeting.

Board may allot shares as fully paid-up or partly paid-up

- 9 Subject to the provisions of the Act and these presents, the Board may allot and issue shares in the capital of the Company as payment or part payment for any property sold or goods transferred or machinery supplied or for services rendered to the Company and any shares which may be so allotted may be issued as fully paid-up or partly paid-up and if so issued shall be deemed to be fully paid-up shares or partly paid-up shares.

Acceptance of shares

- 10 Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of

these presents; and any person who thus or otherwise accepts any shares and whose name is on the Register shall for the purpose of these presents be a Member

Deposit and calls, etc. to be a debt payable immediately

- 11 The money, (if any), which the Board shall, on allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on insertion of the name of allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Installments on shares

- 12 If, by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of such share or his legal representative.

Calls on shares of the same class to be on uniform basis

- 13 Where any calls for further share capital are made on shares, such call shall be made on a uniform basis on all shares falling under the same class. For the purpose of this Article, shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class.

Company not bound to recognize any interest in shares other than that of the registered holders

- 14 Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any shares as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

Company's funds may not be applied in purchase of or lent on shares of the Company

- 15 Except to the extent permitted by Section 77 of the Act no part of the funds of the Company shall be employed in the purchase of or lent on the security of the shares of the Company.

Liability of Members

- 16 Every Member shall pay to the Company the portion of the capital represented by his share or shares, which may for the time being remain unpaid thereon, in such amounts at such time or times and in such manner as the Board shall, from time to time, require or fix payment thereof.

Trusts not recognized

- 17 Except as ordered by a Court of Competent Jurisdiction or as provided by the Act, no notice of any trust, expressed or implied or constructive, shall be entered on the Register of Members or of Debenture-holders of the Company.

UNDERWRITING COMMISSION

Commission for placing shares

- 18 The Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures or debenture stock or any other security of the Company or for procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares, debentures or debenture stock or any other security of the Company but so that if the commission in respect of shares shall be paid or payable out of capital the statutory conditions and requirements shall be observed and complied with and the amount or rate of commission shall not exceed the rates prescribed by the Act. The Commission may be paid or satisfied in cash or in shares, debentures or debenture stock of the Company.

Brokerage

- (ii) The Company may also, on issue of such shares pay such brokerage as may be permissible under the Act.

CERTIFICATES

Certificates how to be issued.

- 19 The certificate of title to shares shall be issued under the Seal of the Company and shall bear the signature of two Directors or persons acting on behalf of the Directors under a duly constituted Power of Attorney or some other persons appointed by the Board for the purpose. The certificate of such shares shall, subject to provisions of Section 113 of the Act, be delivered in accordance with the procedure laid down in Section 153 of the Act within three months after the allotment or within two months after the application for the registration of the transfer of such shares as the case may be unless the conditions of issue of the shares otherwise provide. Provided always that notwithstanding anything contained in these Articles, the certificate of title to shares may be executed and issued in accordance with such other provisions of the Act or rules made thereunder, as may be in force for the time being and from time to time.

Member's right to Certificates

- 20 Every Member shall be entitled without payment to one certificate for all the shares of each class or denomination registered in his name or, if the Directors so approve (upon paying such fee or fees or at the discretion of the Directors without payment of fees as the Directors may from time to time determine) to several certificates each for one or more shares of each class. Every certificate of shares shall contain such particulars and, shall be in such form as prescribed by the Companies (Issue of Certificates) Rule, 1960 or any other Rules in substitution or modifications thereof. Where a Member has transferred a part of the shares comprised in his holding he shall be entitled to a certificate for the balance without charge.

As to issue of new certificate in place of one defaced, lost or destroyed.

- 21 (1) A certificate may be renewed or a duplicate of a certificate may be issued if such certificate(s) (a) is provided to have been lost or destroyed, or (b) having been defaced or mutilated or torn, is surrendered to the Company or (c) has no further space on the back thereof for endorsement of transfer.
- (2) The manner of issue or renewal of a certificate or issue of a duplicate thereof, the form of a certificate (original or renewed) or of a duplicate thereof, the particulars to be entered in the Register of Members or in the Register of renewed or duplicate certificates, the form of such Registers, the fee on payment of which, the terms and conditions on which, a certificate may be renewed or a duplicate thereof may be issued, shall be such as prescribed by the Companies (Issue of Share Certificates) Rules, 1960 or any other rules in substitution or modification thereof.

CALLS

Call

- 22 The Directors may, from time to time, make such calls as they think fit upon the Members in respect of all monies unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times, and each Member shall pay the amount of every call so made on him to the person and at the times and places appointed by the Directors. A call may be made payable by installments.

Notice of Call

- 23 A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed and may be made payable by Members on the Register of Members on such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Directors.
- 24 Not less than fourteen days notice of every call shall be given specifying the time and place of payment provided that before the time for payment of such call the Directors may, by notice in writing to the Members, revoke the same.

Board may extend time

- 25 The Directors may from time to time, at their discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the Members whom the Directors may deem entitled to such extension but no Member shall be entitled to any such extension save as

a matter of grace and favour.

Liability of Joint-holders

- 26 The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

Amount payable at fixed time or by installments as call

- 27 If by the terms of issue of any share or otherwise any amount is made payable at any time fixed or by installments at fixed times, whether on account of the amount of the share or by way of premium, every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.

When interest on call or installment payable

- 28 If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof the holder for the time being or allottee of the share in respect of which a call shall have been made or the installment shall be due shall pay interest on the same at such rate as the Directors shall fix from time to time from the day appointed for the payment thereof to the time of actual payment, but the Directors may waive payment of such interest wholly or in part.

Partial payment not to preclude forfeiture.

- 29 Neither a judgement nor a decree in favour of the Company for calls or other monies due in respect of any shares nor any payment or satisfaction thereunder nor the receipt by the company of a portion of any money which shall from time to time be due from the Member in respect of any shares either byway of principal or interest nor any indulgence granted by the Company in respect of payment of any money shall preclude the forfeiture of such shares as herein provided.

Payment in anticipation of calls may carry interest

- 30 The Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the moneys so paid in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate as the Member paying such sum in advance and the Directors agree upon and the Directors may at any time repay the amount so advanced upon giving to such Member one month's notice in writing.

Members not entitled to privileges of membership until all calls are paid

- 31 No Member shall be entitled to receive any dividend or exercise any privilege as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any person, together with interest and expenses, if any.

If call or installment not paid, notice must be given

- 32 If any Member fails to pay the whole or any part of any call or installment or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of same the directors may at any time thereafter during such time as the call or installment or any part thereof or other monies remain unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part serve a notice on such Member or on the person (if any) entitled to the share by transmission requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses (legal or otherwise) that may have been paid or incurred by the Company by reason of such non-payment.

Form of Notice

- 33 The notice shall name a day not being less than fourteen days from the date of the notice and the place or places on and at which such call or installment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment on or before the time and at the place appointed the share in respect of which the call was made or installment is payable will be liable to be forfeited.

In default of payment shares to be forfeited

- 34 If the requisitions of any such notice as aforesaid are not complied with, any of the shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interest and expenses or the money due in respect thereof, be forfeited by resolution of the Directors to that effect. Such forfeiture shall, include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture, subject to Section 205-A of the Act.

Entry of forfeiture in Register of Members

- 35 When any share shall have been forfeited an entry of the forfeiture with the date thereof shall be made in the Register of Members.

Forfeited shares to be property of the Company and may be sold etc.

- 36 Any share so forfeited shall be deemed to be the property of the Company and may be sold, reallocated or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Directors shall think fit.

Power to annul forfeiture

- 37 The Directors may at any time before any share so forfeited shall have been sold, reallocated or otherwise disposed of, annul the forfeiture thereof upon such conditions as they think fit.

Shareholders still liable to pay money owing at time of forfeiture and interest

- 38 Any member whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls, installments, interests, expenses and other monies owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rates as may be prescribed by the Directors and the Directors may enforce the payment of the whole or a portion thereof if they think fit but shall not be under any obligation to do so.

Company's lien on shares

- 39 The Company shall have no lien on its fully paid shares. In the case of partly paid up shares the Company shall have a first and paramount lien only for all monies called or payable at a fixed time in respect of such shares. Any such lien shall extend to all dividends from time to time declared in respect of such shares subject to Section 205 of the Act. Unless otherwise agreed the registration of a transfer of share shall operate as a waiver of the Company's lien, if any, on such shares.

As to enforcing lien by sale

- 40 For the purpose of enforcing such lien, the Directors may sell the shares subject thereto in such manner as it thinks fit, but no sale shall be made unless a sum in respect of which the lien exists is presently payable nor until notice in writing of the intention to sell shall have been served on such Member or the person (if any) entitled by transmission to the share and default shall have been made by him in payment of the sum presently payable for seven days after such notice.

Application of proceeds of sales

- 41 The net proceeds of any such sale after payment of the costs of such sale shall be applied in or towards the satisfaction of the debt or liability in respect whereof the lien exists so far as the same is presently payable and the residue (if any) paid to the Member or the person (if any) entitled to the transmission of the shares so sold.

Certificate of forfeiture

- 42 A certificate in writing under the hand of any Director, Manager or the Secretary of the Company that the call in respect of a share was made and that the forfeiture of the share was made by a resolution of the Directors to that effect, shall be conclusive evidence of the fact stated therein as against all persons entitled to such shares.

Title of purchaser and allottee of forfeited shares

- 43 The Company may receive the consideration, if any, given for the share on any sale, reallocation or other disposition thereof and the person to whom such share is sold, reallocated or disposed of may be registered as the holder of the share and such person shall not be bound to

see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, reallocation or other disposal of the share and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Application of the forfeiture provision

- 44 The provisions of these presents as to the forfeiture shall apply in the case of nonpayment of any sum which by terms of issue of a share become payable at a fixed time, as if the same had been payable by virtue of a call duly made and notified.

TRANSFER AND TRANSMISSION OF SHARES

Transfer not be registered except on production of instrument of transfer

Form of transfer

- 45 The instrument of transfer of any shares shall be in writing in the prescribed form and in accordance with Section 108 (1-A) of the Act.

Execution of instrument of transfer

- 46 Every such instrument of transfer shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of members in respect thereof.
- 47 The Company, the transferor and the transferee of the shares shall comply with provisions of sub-sections (1), (1-A) and (1-B) of Section 108 of the Act.

Transfer instrument to be presented with evidence of title.

- 48 Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by the relative share certificates and such evidence as the Board may require to prove the title of the transferor, his right to transfer of shares and generally under the subject to such conditions and regulations as the Board shall, from time to time, prescribe and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors, subject to the provisions of law.

Title of shares of deceased holder

- 49 The executors or administrators or holders of a succession certificate or other legal representation in respect of shares of a deceased (not being one of two or more joint holders) shall be the only person whom the Company may recognise as having any title to the shares registered in the name of such Members and the Company shall not be bound to recognise such executors or administrators or Succession Certificate or other legal representation as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board in its absolute discretion thinks fit the Board may dispense with production of probate or letters of Administration or Succession certificate, upon such terms as to indemnity or otherwise as the Board, in its absolute discretion may think necessary and under Article 51 register the name of any person who claims to be absolutely entitled to the shares standing in the name of the deceased member as a member.

Insolvency or liquidation of one or more joint holders of the shares

- 50 In case of insolvency or liquidation of one or more of the persons named in the register of members as the joint holders of any shares, the remaining holder or holders shall be only persons recognized by the Company as having any title to, or interest in such shares, but nothing here in contained shall be taken to release the estate of the person under insolvency or liquidation from any liability on shares held by him jointly with any other person.

Registration of persons entitled to shares otherwise than by transfer

- 51 Subject to the provisions of the Act, any person becoming entitled to shares in consequence of insolvency or liquidation of any Member, by any lawful means other than by a transfer in accordance with this Articles, may, with the consent of the Board, which it shall not be under any obligation to give and, upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title as the Board thinks sufficient either by registering himself as the holder of the shares or elect to have some person nominated by him and approved by the Board of Directors registered as holder of such shares.

Provided nevertheless, that the person who shall elect to have his nominee registered shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the shares.

Fee on transfer or transmission

- 52 No fee shall be payable to the Company in respect of the transfer or transmission of any shares in the Company.

Register of transfer to be kept

- 53 The Company shall keep a book, to be called the "Register of Transfer" and therein shall be fairly and distinctly entered particulars of every transfer or transmission or any share.

Closure of transfer books

- 54 The Board shall have power, on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the Registered Office of the Company is situated to close the Transfer Books, the Register of Member or Register of Debenture Holder at such time or times and for such period or periods not exceeding thirty days at a time and not exceeding in aggregate forty-five days in each year as it may deem expedient.

Directors may refuse to register transfer

- 55 Subject to the provisions of Section 111 of the Companies Act, 1956, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a member therein, or debentures of the Company, and the Company shall within two months from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be giving reasons for such refusal.

Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

Rights to shares through transmission by operation of law

- 56 Nothing contained in Article 48 shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.

Transfer by legal representative

- 57 A transfer of shares or other interest in the Company of a deceased Member thereof made by legal representative shall, although the legal representative is not himself a Member, be as valid as if he had been a Member at the time of the execution of the instrument of transfer.

Company's power to refuse transfer

- 58 Nothing in these presents shall prejudice the powers of the Company to refuse to register the transfer of any shares.

Transferor liable until the transferee entered in Register

- 59 The transferor shall be deemed to remain the holder of any shares until the name of the transferee is entered into the Register of Members in respect thereof.

Custody of transfer instruments

- 60 The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All the instruments of transfer, which the Directors may decline to register, shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.

The Company not liable for disregard of a notice prohibiting registration of transfer

- 61 The Company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of shares made or purporting to be made by the apparent legal owner thereof (as shown or appearing in the Register of Members) to the

prejudice of persons having or claiming any equitable right, title or interest to do or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to them of any equitable title or interest or be under liability whatsoever for refusing or neglecting so to do though it may have been entered or referred in some books of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

Transfer of Debentures

62 The provisions of these Articles shall mutatis mutandis, apply to the allotment and transfer of or the transmission by law of the right to debentures of the Company.

Restriction on transfer and pre-emptive rights

- 63 (1) As provided in the foregoing Articles and without prejudice to the provisions of Article 53, a Member shall be at liberty to transfer a share.
- (2) Except as hereinafter provided, no shares in the Company shall be transferred unless and until the rights of preemption hereinafter conferred shall have been exhausted.
- (3) Every member who intends to transfer any shares (hereinafter called "the Vendor") shall give notice in writing to the Board of his intention. The notice shall specify the price at which the Vendor proposes to sell the shares referred to in the notice and the notice will also specify the name of the purchaser. The Board shall have discretion whether to accept the price or not. If the Board does not accept the price specified in the notice, the same shall be determined by the auditor for the time being of the Company who shall certify by writing under his hand the price, which in his opinion is the fair selling value thereof as between a willing vendor and a willing purchaser. A certification by the auditor shall be conclusive as to the selling price of the shares comprised in such notice. The price as accepted by the Board or as determined shall be the fair value of the shares and is hereinafter referred to as "fair value". The notice shall constitute the Board as agent of the Vendor for sale of the shares at the fair value.
- (4) The Board shall forthwith give notice to all the Members of the Company of the number and fair value of the shares to be sold and invite each of them to state in writing within twenty-one days from the date of the said notice whether he is willing to purchase any, and if so what maximum number, of the said shares.
- (5) At the expiration of the said twenty-one days the Board shall allocate the said shares to or amongst the Member or Members who shall have expressed his or their willingness to purchase as aforesaid provided that no Member shall be obliged to take more than the said maximum number of shares so notified by him as aforesaid. If more Members express willingness to purchase the shares than there are available for sale then the Directors may in their discretion in such manner as they think fit, decide to which Member or Members the shares are to be sold and the decision of the Directors shall be final. Upon such allocation being made the vendor shall be bound on payment of the fair value to transfer the share to the purchaser or purchasers and if he makes default in so doing the Board may receive and give a good discharge for the purchase money on behalf of the Vendor and enter the name of the purchaser in the Register as holder by transfer of the said shares purchased by him.
- (6) In the event of the whole of the said shares not being sold under sub-article (5) of this Article, the vendor may, at any time within six calendar months after the expiration of the said twenty-one days, transfer the shares not so sold to any person (subject to applicable Articles hereof) and at any prices being not less than the fair value thereof as determined under clause 3 of this Article 63.
- (7) (a) Clauses (2) and (6) of this Article 63 hereof shall not apply to a transfer to a person who is already a Member of the Company nor to a transfer by a Member which is a body corporate to its parent company or to any of its subsidiary companies provided that such transfer is approved for the purpose by the Board of Directors by a resolution passed by a two-third majority. Any transfer falling within the exceptions mentioned in this Article shall nevertheless be subject to the provisions of Article 53.

(b) For the purpose of clause (a) of this clause, a company shall be deemed to be a subsidiary of another if the other holds more than half in nominal value of the equity share capital of the first mentioned company.

CONVERSION OF SHARES INTO STOCK

Conversion of shares into stock and reconversion.

64 The Directors, with the sanction of a resolution of the Company in General Meeting, may convert any paid-up shares into stock and may convert any stock into paid-up shares of any denomination. When any shares have been converted into stock, the several holders of such stock may thenceforth transfer their respective interests therein or any part of such interest in the same manner and subject to the same regulations as and subject to which fully paid up shares in the Company's capital may be transferred or as near thereto as circumstances will admit.

Right of stockholders.

65 The stock shall confer on the holders thereof respectively the same privileges and advantages as regards voting at meeting of the Company and for other purposes as would have been conferred by shares of equal amount in the capital of the Company of the same class as the shares from which such stock is converted but so that none of such privileges or advantages, except the participation in profits of the Company or in assets of the Company on winding up, shall be conferred by any such shares allotted part of stock as would not if existing in shares have conferred such privileges or advantages. Such conversion shall not affect or prejudice any preference or other special privileges attached to the shares so converted. Save as aforesaid all the provisions herein contained shall, so far as circumstances shall admit, apply to stock as well as to shares.

INCREASE, REDUCTION AND ALTERATION OF CAPITAL

Increase of Capital

66 The Company may, from time to time, in General Meeting increase its Authorised Share Capital by issuing further shares of such amount as it thinks expedient.

Further issue of capital

67 The new shares (resulting from an increase of capital as aforesaid) may, subject to the provisions of the Act and these presents, be issued or disposed of by the Company in the General Meeting or by the Directors under their powers in accordance with these presents and the following provisions: -

- (A) (i) Such new shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the Company in proportion as nearly as circumstances admit to the capital paid-up on those shares at the date;
- (ii) The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer, within which the offer if not accepted, will be deemed to have been declined;
- (iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in clause (ii) shall contain a statement of this right;
- (iv) After the expiry of time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that the person declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company;
- (B) Nothing in clause (iii) of sub-article (1) shall be deemed:
 - (i) To extend the time within which the offer should be accepted; or
 - (ii) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

Shares under control of General Meeting

68 In addition to and without derogating from the powers for the purpose conferred on the

Directors under Article 8, the Company in the General Meeting may in accordance with the provisions of Section 81 of the Act determine that any shares (whether forming part of the original capital of the Company or not) shall be offered to such persons (whether Members or holders of debentures of the Company or not) shall be offered in such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount, as such General Meeting shall determine.

Same as original capital

- 69 Except so far as otherwise provided by the conditions of issue or by these presents any capital raised by issue of further shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer and transmissions, forfeiture, lien, surrender, voting and otherwise.

Reduction of capital

- 70 Subject to the provision of Section 100 of the Act, the Company may from time to time by special resolution reduce its share capital (including the Capital Redemption Reserve Account, if any) in any way authorised by law and in particular may pay off any paid up share capital upon the footing that it may be called up again or otherwise and may and if and so far as necessary alter its Memorandum of Association by reducing the amount of its share capital and of its share accordingly.

Division and sub-division

- 71 The Company may in the General Meeting by ordinary resolution alter the conditions of its Memorandum of Association so as to: -
- (1) Consolidate and divide all or any of its shares into shares of larger amount than its existing shares.
 - (2) Sub-divide shares or any of them into shares of smaller amount than originally fixed by the Memorandum of Association subject nevertheless to the provisions of the Act in that behalf. Subject to these presents the resolution by which any shares are subdivided may determine that as between the holders of the shares resulting from such sub-division one or more of such shares may be given any preference or advantage or otherwise over the others or any other such shares.
 - (3) Cancel shares, which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of the shares, so cancelled.

JOINT HOLDERS

Joint holders

- 72 Where two or more persons are registered as the holders of any share the person first named in the Register shall be deemed the sole holder for matters connected with the Company subject to the following and other provisions contained in the Articles;
- (1) The Company shall be entitled to decline to register more than four persons as the joint holders of the share.
 - (2) The joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments, which ought to be made in respect of such share.
 - (3) On the death of any such joint holders, the survivor(s) shall be the only person(s) recognised by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holders from any liability on shares held by him jointly with any other person(s).
 - (4) Any one of such joint holders may give effectual receipts for any dividends or other monies payable in respect of such share.
 - (5) Only the person whose name stands first in Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive document (which expression shall be deemed to include all documents mentioned in Article 189) from the Company and any notice given to or document served on such person shall be deemed service on all the joint holders.

- (6) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such shares shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that the joint holder present at the meeting personally shall be entitled to vote in preference to a joint holder present by attorney or by proxy although the name of such joint holder present by attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares.

BORROWING POWERS

Conditions on which money may be borrowed

- 73 Subject to the provisions of Sections 58A, 292 and 293 of the Act, the Board may from time to time by a resolution passed at a meeting of the Board accept deposits or borrow moneys from Members, either in advance of calls or otherwise or accept deposits from public and may generally raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds perpetual or redeemable debentures or debenture stock, or any mortgage or charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

Bonds, debentures etc., to be subject to control of Directors

- 74 Any bonds, debentures, debenture stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Securities may be made assignable free from equities

- 75 Debenture, debenture stock, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Issue at discount, etc. or with special privileges

- 76 Any bonds, debentures, debenture stocks or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawing, allotment of shares, attending at General Meetings of the Company, appointment of Directors and otherwise.

Mortgage of uncalled capital

- 77 If any uncalled capital of the Company is included in or charged by any mortgage or other security, the Directors may authorise the person in whose favour such mortgage or security is executed or any other person in trust for him to make calls on the Members in respect of such uncalled capital and the provisions herein before contained in regard to calls shall mutatis mutandis apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally and either presently or contingently and either to the exclusion of the Board's Power or otherwise and shall be assignable, if expressed so to be.

Indemnity may be given

- 78 If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

Register of Charges to be kept

- 79 The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company, and shall duly comply with the requirements of the said Act in regard to registration of mortgages and charges and in regard to inspection to be given to creditors or

Members of the Register of Charges and copies of instruments creating charges. Such sums as may be prescribed by the Act shall be payable by any person other than a creditor or Member of the Company for each inspection of the Register of Charges.

MEETINGS

Annual General Meeting

- 80 (a) (i) The Company shall in each year, in addition to any other meetings, hold a general meeting as its "Annual General Meeting" at the intervals and in accordance with the provisions, specified below:
- (ii) The first Annual General Meeting of the Company shall be held within eighteen months from the date of incorporation of the Company. The Annual General Meeting of the Company subsequent to the first Annual General Meeting shall be held by the Company within six months after the expiry of the financial year in which the first Annual General Meeting was held, and thereafter Annual General Meeting shall be held in each year by the Company within six months after the expiry of each financial year or within such extended period, if any allowed by the Registrar of Companies;
- (iii) Not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next;
- (b) Every Annual General Meeting shall be called for a time during business hours on a day that is not a public holiday, and shall be held either at the Registered Office of the Company or at some other place within the city, where the registered office is situated and the notices calling the meeting shall specify it as Annual General Meeting.

Extra-Ordinary General Meetings

- 81 All general meetings other than Annual General Meeting shall be called Extra-ordinary General Meetings.

Calling of Extra-Ordinary General Meeting

- 82 (a) The Board may, whenever they think fit, and shall, on the requisition of such number of Members of the Company as is hereinafter specified, forthwith proceed to call an Extraordinary General Meeting of the Company and in case of such requisition the following provision shall apply;
- (b) The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company;
- (c) The requisition may consist of several documents in like form, each signed by one or more requisitionists;
- (d) The number of Members entitled to requisition a meeting in regard to any manner shall be such number of them as hold at the date of deposit of the requisition, not less than one-tenth of such of the paid-up capital of the Company as at the date carries the right of voting in regard to that matter;
- (e) Where two or more distinct matters are specified in the requisition, the provisions of sub-article (d) shall apply separately in regard to each such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that sub-article is fulfilled;
- (f) If the Board does not, within twenty one days from the date of deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters, on a day not later than forty five days from the deposit of the requisition, the meeting may be called by such of the requisitionists as represent either majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in sub-article (d) whichever is less. However, for the purpose of this sub-article (d) the Directors shall, in the case of a meeting at which a resolution is to be proposed as a special resolution gives, such notice thereof as is required by of the Act;
- (g) A meeting called under sub-article (f) by the requisitionists or any of them:

- (i) shall be called in the same manner, as nearly as possible, as that in which the meetings are to be called by the Board, but
- (ii) shall not be held after the expiration of three months from the date of the deposit of the requisition; Provided that nothing contained in clause (ii) this sub- article shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period;
- (h) Where two or more persons hold any shares or interest in the Company jointly, a requisition, or a notice calling a meeting, signed by one or some of them only shall, for the purposes of this Article, have the same force and effect as if it had been signed by all of them.
- (i) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to call a meeting shall be reimbursed to the requisitionists by the Company, and any sum so reimbursed shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

Notice of Meeting

- 83 (a) A General Meeting of the Company may be called by giving not less than twenty-one days notice in writing;
- (b) A General Meeting may be called after giving shorter notice than that specified in sub-article (a) if consent is accorded thereto;
- (i) in the case of an Annual General Meeting by all the Members entitled to vote thereat, and
 - (ii) in the case of any other meeting by Members of the Company holding not less than ninety five per cent of such part of the paid-up share capital of the Company as gives them a right to vote at the meeting. Provided that where any Members of the Company are entitled to vote only on some resolution to be moved at a meeting and not on the others, those Members shall be taken into account for the purposes of these sub-article in respect of the former resolution or resolutions and not in respect of the latter.

Contents and manner of service of notice and persons on whom it is to be served

- 84 (a) Every notice of a meeting of the Company shall specify the place and the day and the hour of the meeting, and shall contain a statement of the business to be transacted thereat;
- (b) Notice of every meeting of the Company shall be given
- (i) to every Member of the Company in any manner authorised by sub-section (1) to sub-section (5) of Section 53 of the Act;
 - (ii) to the persons entitled to a share in consequence of the death or insolvency of a Member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representative of the deceased, or assignees of the insolvent or by any like description at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and
 - (iii) to the Auditor or Auditors for the time being of the Company in any manner authorized by Section 53 of the Act in the case of any Member or Members of the Company;
- (c) Omission to give notice not to invalidate proceedings at the meeting.
- The accidental omission to give notice to or the non-receipt of notice by, any Member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

Business at General Meetings

- 85 (a) In the case of an Annual General Meeting, all business to be transacted at the meeting shall be deemed special, with the exception of business relating to:
- (i) the consideration of accounts, balance sheet and reports of the Board of Directors and Auditors;

- (ii) the declaration of a dividend;
 - (iii) the appointment of Directors in the place of those retiring; and
 - (iv) the appointment of, and fixing the remuneration of the Auditors
- (b) In the case of any other General Meeting all business shall be deemed special;
- (c) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest, if any, therein, of every Director, and the Manager, if any. Provided that where any item of special business as aforesaid to be transacted at a meeting of the Company relates to, or affects any other company, the extent of shareholding interest in that other company of every Director and the manager, if any, of the Company shall also be set out in the statement if the extent of such shareholding interest is not less than twenty percent of the paid-up capital of that other Company.
- (d) Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

Ordinary and Special resolution

- 86 (1) A resolution shall be an ordinary resolution when at a General Meeting of which the notice required under the Act has been duly given, the votes cast (whether on a show of hands, or on a poll, as the case may be), in favour of the resolution (including the casting vote, if any, of the Chairman) by Members who, being entitled to do so, vote in person or where proxies are allowed, by proxy exceed the votes, if any, cast against the resolution by Members so entitled and voting.
- (2) A resolution shall be a special resolution when:-
- (a) The intention to propose the resolution as a special resolution has been duly specified in the notice calling the General Meeting or other intimation given to the Members of the resolution.
 - (b) The notice required under the Act has been duly given of the General Meeting, and
 - (c) the votes cast in favour of the resolution (whether on a show of hands, or on a poll as the case may be), by Members who, being eligible so to do vote in person, or where proxies are allowed, by proxy, are not less than three times the number of votes, if any, cast against the resolution by Members so entitled and voting.

Resolution requiring special notice

- 87 (1) Where, by any provisions contained in the Act or in these presents, special notice is required of any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the meeting at which it is to be moved, exclusive of the day on which the notice is served or deemed to be served and the day of the meeting.
- (2) The Company shall, immediately after the notice of the intention to move any such resolution has been received by it, give its Members notice of the resolution in the same manner as it gives notice of the meeting, or if that is not practicable, shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents, not less than seven days before the meeting.

PROCEEDINGS AT GENERAL MEETING

Quorum at General Meeting

- 88 Five Members personally present shall be a quorum for a General Meeting and no business shall be transacted at any general meeting unless the requisite quorum is present at the commencement of the business.
- Provided that in a general meeting where shareholders are allowed to participate through electronic mode, the quorum shall be physically present at the place of the meeting.⁴⁶

⁴⁶ Inserted vide special resolution passed at Annual General Meeting held on September 25, 2012

- (ii) the declaration of a dividend;
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⁴⁶ Inserted vide special resolution passed at Annual General Meeting held on September 25, 2012

Scrutineers at poll

- 97 (a) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers to scrutinise the votes given on the poll and to report thereon to him;
- (b) The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of the scrutinizer arising from such removal or from any other cause;
- (c) Of the two scrutineers appointed under this Article, one shall always be a Member (not being an Officer or employee of the Company) present at the meeting, provided that such a Member is available and willing to be appointed.

Manner of taking poll and result thereof

- 98 (a) Subject to the provision of the Act, the Chairman of the meeting shall have the power to regulate the manner in which a poll shall be taken.
- (b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

Motion how decided in case of equality of votes

- 99 In the case of equality of votes, whether on show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which a poll is demanded, shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a Member.

Demand for poll not to prevent transaction of other business

- 100 The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

Minutes of General Meetings

- 101 (1) The Company shall cause minutes of all proceedings of General Meetings to be entered in books kept for that purpose. The Minutes of each Meeting shall contain a fair and correct summary of the proceedings thereat. All the appointments of officers made at any of the meetings shall be included in the minutes of the meeting. Any such minutes, if purported to be signed by the Chairman of the meeting at which the proceedings took place or in the event of the death or inability of that Chairman by a Director duly authorised by the Board for the purpose, shall be evidence of the proceedings.

Inspection of Minute books

- 102 The books containing minutes of proceedings of General Meetings of the Company shall be kept at the Registered Office of the Company and shall be open to the inspection of any Member without charge between 11 a.m. and 1.00 p.m. on all working days.

Copies of Minutes

- 103 Any member shall be entitled to be furnished within seven days after he had made a request in that behalf to the Company with a copy of any minutes referred to above at such charges as may be prescribed by the Act.

VOTES OF MEMBER

- 104 (1) Upon a show of hands every Member of the Company entitled to vote and present in person or by attorney or proxy shall have one vote.
- (2) Upon a poll every Member of the Company who being an individual is present in person or by attorney or by proxy or being a corporation is present by a representative or proxy shall have a voting right in proportion to his share of the paid-up capital of the Company.

Voting by Corporations

- 105 Any Member who is a Corporation present by a representative duly authorized by a resolution of the Directors or other governing body of such corporation in accordance with the provision of Section 187 of the Act may vote on a show of hands as if he was a Member of the Company. The production at the Meeting of such resolution duly signed by one Director of such Corporation or by a Member of its governing body and certified by him as being a true copy of

the resolution shall on production at the Meeting be accepted by the Company as sufficient evidence of the validity of his appointment.

No Member to vote unless calls are paid up.

- 106 Subject to provision of the Act, no Member shall be entitled to be present or to vote at any General Meeting either personally or by proxy or attorney or as a proxy or as a attorney in respect of shares registered in his name, on which calls or other sum shall be overdue and payable to the Company in respect of any of the shares of such Member for more than one month.

Qualification of proxy

- 107 (1) Any Member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a Member or not) as his proxy to attend and vote instead of himself, but a proxy so appointed shall not have any right to speak at the meeting.
- (2) In every notice calling a meeting of the Company, there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a Member.

Votes may be given by proxy or attorney

- 108 Votes may be given either personally or by attorney or by proxy or in case of a corporation also by a representative duly authorised as aforesaid.

Execution of instrument of proxy

- 109 The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney or if such appointer is a company or corporation under its common seal or under the hand of a person duly authorised by such company or corporation in that-behalf or under the hand of its attorney who may be the appointer.

Deposit of instrument of appointment of proxy and inspection

- 110 (i) No person shall act as proxy unless the instrument of his appointment and the Power of Attorney or other authority, if any, under which it is signed or a copy of that Power of Attorney shall be deposited at the Office at least forty eight hours before the time of holding the meeting at which the person named in the instrument of proxy proposes to vote and in default the instrument appointing the proxy shall not be treated as valid. No attorney shall be entitled to vote unless the Power of Attorney or other instrument appointing him as attorney or a copy thereof has either been registered in the records of the Company at any time not less than forty eight hours before the time of the meeting at which the attorney proposes to vote or is deposited at the Office not less than forty eight hours before the time of same meeting as aforesaid.
- (ii) Notwithstanding that a Power of Attorney or other has been registered in the records of the Company, the Company may by notice in writing addressed to the Member or that attorney at least seven days before the date of a meeting require him to produce the original Power of Attorney or authority and unless the same is thereupon deposited with the Company not less than forty eight hours before the time fixed for the meeting the attorney shall not be entitled to vote at such meeting unless the Directors in their absolute discretion excuse such non production and deposit.
- (iii) Every member entitled to vote at a meeting of the Company or any resolution to be moved thereat shall be entitled during the period beginning twenty four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting to inspect the proxies lodged at any time during the business hours of the Company provided that not less than three days notice in writing of the intention so to inspect is given to the Company.

Custody of the instrument

- 111 If any such Instrument of appointment be confined to the object of appointing a proxy or substitute for voting at meetings of the Company it shall remain permanently or for such time as the Director may determine, in the custody of the Company, and if embracing other objects a copy thereof, examined with the original, shall be delivered to the Company to remain in custody of the Company.

Instrument appointing proxy

- 112 Every instrument of proxy whether for a specified meeting or otherwise shall be in writing under the hand of the appointee or his attorney authorized in writing or if such appointer is a corporation, under its common seal or the hand of an officer or an attorney duly authorised by it and shall as nearly as circumstances will admit be in the form specified in Schedule IX of the Act.

Validity of votes given by proxy notwithstanding death of Members, etc.

- 113 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed or the transfer of the shares in respect of which the vote is given provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.

Time for objections to votes

- 114 No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered, and every vote, whether given personally or by proxy not disallowed at such meeting or poll, shall be deemed valid for all purposes of such meeting or poll whatsoever.

Chairman of any meeting to be the judge of validity of any vote

- 115 The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

DIRECTORS

116. Board of Directors⁴⁷

(1) Articles subject to SEBI Regulations

- (a) Notwithstanding anything contained in these Articles, the Board composition, appointment, tenure, compensation and other terms of appointment shall be as specified in the SEBI Regulations.
- (b) The remaining provisions of this Article shall have effect provided they are in consonance with the SEBI Regulations at any point of time.

(2) Number of Directors

The Board of Directors shall consist of not more than 12 (twelve) Directors constituted as per the directions of SEBI from time to time.

(3) Board Composition

The Composition of the Governing Board shall be as under:

- a) Shareholder Directors shall not exceed one-third of its governing board strength;
- b) Public Interest Directors shall not be less than two-third of its governing board strength; and
- c) Managing Director

⁴⁷ Substituted vide special resolution passed at Annual General Meeting held on September 25, 2012

(4) General Requirements

- (1) A person shall be eligible to be appointed as Director provided that he is a Fit and Proper Person as defined in SEBI Regulations and he is not a clearing member or is not an associate or agent of any clearing member in any recognized stock exchange within the meaning of the SEBI Regulations.⁴⁸
- (2) The Directors, except for Public Interest Director(s) shall be elected by the Shareholders.
- (3) No Director shall hold office for more than two consecutive terms.

(5) Shareholder Directors

- (1) The Shareholder Director shall be elected from the shareholders of the Company except Clearing Members and their associates and agents.⁴⁹
- (2) Any employee of the Company appointed on the governing board in addition to the managing director, shall be deemed to be a shareholder director.
- (3) No representative of a Foreign Institutional Investor shall be appointed on Governing Board.
- (4) The appointment including re-appointment of Shareholder Directors to the Governing Board shall be with prior approval of SEBI.

(6) Public Interest Directors

- (1) The Public Interest Directors on the governing board shall be nominated by SEBI.
- (2) No person shall act as a Public Interest Director in more than one recognized stock exchange/clearing corporation or their subsidiary simultaneously. Further a person who is likely to have any interested position in commercial contract and financial affairs of the Exchange, who is a regular trader / speculator in the market or who is a director in the board of a promoter entity of the stock Exchange or clearing corporation shall not be eligible to be appointed as a Public Interest Director.⁴⁹
- (3) Public Interest Directors shall be nominated for a fixed term of three years, or for such extended period, as may be approved by SEBI. If any issue arises as to whether an assignment or position of a public interest director is in conflict with his role, SEBI's decision shall be final.
- (5) Public Interest Directors shall be paid only sitting fees as specified in the Companies Act, 1956.

(7) Shareholders to appoint Directors

Subject to the provisions of Section 255 of the Act, Directors other than the Non-retiring Directors (whose number shall not exceed one third of the total number of directors) and

⁴⁸ Substituted vide special resolution passed at Extra Ordinary General Meeting held on March 11, 2013.

⁴⁹ Substituted vide special resolution passed at Extra Ordinary General Meeting held on March 11, 2013.

nominated Directors shall be appointed by the shareholders of the Company in a General Meeting and shall be liable to retire by rotation as hereinafter provided."

First Directors and Rights of Nomination

- 117 (1) The persons hereinafter named are the first Directors of the Company: -
1. Mr. Joseph Massey
 2. Mr. V. Hariharan
 3. Mr. Paras Ajmera
- 118 Any Trust Deed or Loan Agreement covering the issue of debentures of the Company, or loans advanced to the Company, may provide for the appointment of a Director (in these presents referred to as the Debenture Director) for and on behalf of the Debenture-holders/lenders for such period as is therein provided, not exceeding the period for which the Debentures or any of them shall remain outstanding or the loan remains unpaid, and for the removal from office of such Debenture Directors, and on vacancy being caused whether by resignation, death, removal or otherwise for appointment of a Debenture Director in the vacant place. The Debenture Director shall not be liable to retire by rotation.

Managing Director⁵⁰

- 119 (1) The appointment, renewal of appointment and termination of service of the managing director shall be subject to prior approval of SEBI.
- (2) The Board may, subject to the guidelines issued by SEBI from time to time, determine the qualification, manner of appointment, terms and conditions of appointment and other procedural formalities associated with the selection/ appointment of the managing director. In the absence of such determination by the Board, the minimum requirements in the SEBI Regulations shall apply.
- (3) The managing director shall be an ex-officio director on the governing board and shall not be included in either the category of public interest directors or shareholder directors.
- (4) The appointment, as well as re-appointment, of the managing director shall not be for a period less than three years or exceeding five years at any point of time.
- (5) The managing director shall be liable for removal or termination of services by the governing board with the prior approval of SEBI for failure to give effect to the directions, guidelines and other orders issued by SEBI, or the rules, the articles of association, bye-laws and regulations of the Company.
- (6) SEBI may *suo motu* remove or terminate the appointment of the managing director if deemed fit in the interest of securities market:
- Provided that no managing director shall be removed unless he has been given a reasonable opportunity of being heard.
- (7) Subject to the provisions of the Act, the Managing Director shall not, whilst he continues to hold that office, be subject to retirement by rotation under Article 131 but shall be subject to the same provisions as to the resignation and removal as the other Directors of the Company and shall ipso facto and immediately cease to be a Managing Director if he ceases to hold the office of a Director for any cause.

⁵⁰ Substituted vide special resolution passed at Annual General Meeting held on September 25, 2012

- (8) Subject to the provisions of the Act, Directors may, from time to time, entrust and confer upon the Managing Director(s) for the time being such of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit either collaterally with or to exclusion of their power and from time to time revoke, withdraw, alter or vary all or any of such powers."

Alternate Director

- 119 (1) Subject to Section 313 of the Act, the Board of Directors may appoint an Alternate Director to act for a Director (hereinafter in this Article called "the original Director") at his suggestion or otherwise, during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.
- (2) An Alternate Director appointed under clause (1) shall not hold office for a period longer than permissible to the original Director in whose place he has been appointed and shall vacate office if and when the original Director returns to the State in which meetings of the Board are ordinarily held.
- (3) If the term of office of the original Director is determined before he so returns to the State/ Union Territory aforesaid any provision for the automatic reappointment of the retiring Directors in default of another appointment shall apply to the original and not the Alternate Director.

Qualification of Director

- 120 No Director shall be required to hold any share or qualification shares of the Company.

Remuneration of Director

- 121 The remuneration payable to Directors, including the Managing Director shall, subject to the applicable provisions of the Act and of these presents and of any contract between him and the Company, be fixed by the Company in General Meeting from time to time, and may be by way of fixed salary and/or perquisites or commission on profits of the Company or participation in such profits, or by any or all these modes not expressly prohibited by the Act.

Sitting Fee to Directors attending meeting

A Director may receive remuneration by way of a fee for each meeting of the Board or a Committee thereof attended by him, subject to the maximum prescribed under the Act.

Directors not bona fide residents of place where a meeting is held may receive extra compensation.

- 122 The Board of Directors may allow and pay to any Director, who is not a bona fide resident of the place where a meeting of the Board is held and who shall come to such place for the purpose of attending a meeting or for attending its business at the request of the Company, such sum as the Directors may consider fair compensation for travelling, hotel and other expenses and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business he shall be entitled to be reimbursed any travelling or other expenses incurred in connection with the business of the Company.

Special remuneration to Director for extra service etc.

- 123 If any Director being willing, be called upon to perform extra service or special exertions or efforts (which expression shall include work done by Director as a member of any Committee formed by the Directors), the Board may arrange with such Director for such special remuneration for such special services or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board and subject to the provisions of the Act.

Additional Directors

- 124 The Directors shall have power at any time and from time to time appoint subject to the provisions of these presents any person as a Director either to fill a casual vacancy or as an additional Director to the Board but so that the total number shall not at any time exceed the maximum number fixed as above; but any Director so appointed as an additional Director shall hold office only up to the date of the next following Annual General Meeting of the Company and shall then be entitled for re-election and any Director so appointed to fill a casual vacancy shall hold office only upto the date upto which the Director in whose place he is appointed

would have held office had it not been vacated.

Directors may act notwithstanding any vacancy

125 Subject to the provisions of the Act, the continuing Directors may act notwithstanding any vacancy in their body; but so that if the number falls below the minimum number fixed, the Directors shall not, except in emergencies or for the purpose of filling up vacancies or for summoning a General Meeting of the Company, act so long as the number is below the minimum and they may so act notwithstanding the absence of a necessary quorum under the provisions of the Article 145.

Directors vacating

126 (1) Subject to the provisions of Section 283(2) of the Act, the office of a Director shall become vacant if-

- i) he is found to be of unsound mind by a Court of competent jurisdiction; or
- ii) he applies to be adjudicated an insolvent; or
- iii) he is adjudged an insolvent; or
- iv) he is convicted by a court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; or
- v) he fails to pay any calls in respect of shares held by him alone or jointly with others within six months from the last date fixed for the payment of such calls made unless the Central Government has, by notification in the Official Gazette, removed the disqualification incurred by such failure; or
- vi) he absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for continuous period of three months whichever is the longer without leave of absence from the Board of Directors; or
- vii) he (whether by himself or by any person for his benefit or on his account), or any firm in which he is a partner or any private company in which he is a Director accepts a loan or guarantee or security for a loan from the Company in contravention of Section 295 of the Act; or
- viii) he acts in contravention of Section 299 of the Act; or
- ix) he becomes disqualified by an order of the court under Section 203 of the Act; or
- x) he is removed in pursuance of Section 284 of the Act by an ordinary resolution of the Company before the expiry of his period in office; or
- xi) he resigns from office by notice in writing address to the Company or to the Directors; or
- xii) he, his relative or partner or any firm in which he or his relative is a partner or any private company of which he is a Director or Member, holds any office of profit under the Company or any subsidiary hereof in contravention of Section 314 of the Act; or
- xiii) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.
- xiv) he is already a director of a public company which
 - a. has not filed the annual accounts and annual returns for any continuous three financial years commencing on and after the first day of April 1999; or
 - b. has failed to repay its deposit or interest thereon due date or redeem its debentures on due date or pay dividend and such failure continues for one year or more:

provided that such person shall not be eligible to be appointed as a director of any other public company for a period of five years from the date on which such public company, in which he is a director, failed to file annual accounts and annual returns under sub-clause (a) or has failed to repay its deposit or interest or redeem its debentures on due date or pay dividend referred to in clause (B).

Notwithstanding anything contained in clauses (iii), (iv) and (ix) of sub-article (1), the disqualification referred to in those clauses shall not take effect (i) for thirty days from the date of adjudication or sentence or order (ii) where any appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order, until the expiry of seven days from the date on which such appeal or petition is disposed of or (iii) where within the seven days aforesaid any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.

Disclosure of interest

- 127 (1) Every Director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board of Directors.
- (2) (i) In the case of proposed contract or arrangement the disclosure required to be made by a Director under Clause (a) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not at the date of that meeting concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he becomes so concerned or interested.
- (ii) In the case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.
- (3) (i) For the purpose of sub-article (1) and (2), a general notice given to the Board by a Director, to the effect that he is a Director or a member of a specified body corporate or company or is a partner of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or company or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made;
- (ii) Any such general notice shall expire at the end of the financial year in which it is given, but may be renewed for further period of one financial year at a time, by a fresh notice given in the last month of the financial year in which it would otherwise expire;
- (iii) No such general notice and no renewals thereof shall be of effect unless either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.
- (4) Nothing in this Article shall be taken to prejudice the operation of any rule of law restricting a Director of the Company from having any concern or interest in any contracts or arrangements with the Company.
- (5) Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into between the Company and any other company where any of the Directors of the Company or two or more of them together holds or hold not more than two percent of the paid-up share capital in the other company.

Interested Director not to participate or vote in Board's proceedings

- 128 (1) No Director of the Company shall, as a Director, take any part in the discussion of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the Company, if he is, in anyway, whether directly or indirectly concerned, or interested in the contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void.
- (2) This Article shall not apply to: -
- any contract of indemnity against any loss, which the Directors or any one or more of them, may suffer by reason of becoming or being sureties or surety for the company;
 - any contract or arrangement entered into or to be entered into with a public company, or a private company, which is a subsidiary of a public company, in which the interest of the Director aforesaid consists solely (i) in his being a Director, of such company and

the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the company, or (ii) in his being a member holding not more than 2% (two percent) of the paid-up share capital of such other company.

Directors may be Directors of companies promoted by the Company

- 129 A Director may be, or become, a Director of any company promoted by the Company, or in which it may be interested as a vendor, member or otherwise, and subject to the provisions of the Act and these presents, no such Director shall be accountable for any benefits received as Director or any member of such company.

ROTATION OF DIRECTORS

Directors to retire annually, how determined

- 130 At every Annual General Meeting of the Company other than the first Annual General Meeting, one-third of such of the Directors for the time being as are liable to retire by rotation or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.

Which Directors to retire

- 131 The Directors to retire by rotation at every Annual General Meeting shall be those who are liable to retire and who have been longest in office since their last appointment, but as between persons, who became Directors on the same day, those who are to retire shall (unless they otherwise agree among themselves), be determined by lot.

Provided that the Director(s) nominated by the Government of India/RBI/SEBI, the Managing Director(s), and Whole Time Director(s), if any, shall not be liable to retirement by rotation and shall not be counted for the purpose of determining the number of directors liable to retire by rotation.⁵¹

Retiring Directors shall be eligible for re-election

- 132 Retiring Director shall be eligible for re-election.

Company to fill up vacancy

- 133 The Company may, at the Annual General Meeting at which a Director retires in manner aforesaid may fill up the vacancy by appointing the retiring Director or some other person in that vacancy.

Retiring Directors to remain in office until successors appointed

- 134 If the place of the retiring Director is not filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place and if at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless -
- at that meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost;
 - the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so reappointed;
 - he is not qualified or is disqualified for appointment;
 - a resolution, whether special or ordinary, is required for his appointment by virtue of any provisions of the Act; or
 - the proviso to sub-article (1) of Article 140 is applicable to the case.

⁵¹ Inserted vide special resolution passed at Extra Ordinary General Meeting held on March 11, 2013.

Appointment of Directors to be voted individually

- 135 (1) At every Annual General Meeting of the Company, a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution, unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it.
- (2) A resolution moved in contravention of sub- article (1) of this Article shall be void whether or not objection was taken at the time to this being so moved; provided that where a resolution so moved is passed, no provision for the automatic reappointment of retiring Directors in default of another appointment shall apply.
- (3) For the purpose of this Article, a motion for approving a person's appointment or for nominating a person for appointment shall be treated as motion for his appointment.

Rights of persons other than retiring Directors to stand for Directorship

- 136 (1) No person, not being a retiring Director, shall be eligible for election to the Office of Director at any General Meeting, unless he or some other Member intending to propose him has, at least fourteen clear days before the meeting, left at the office a notice in writing under his hand signifying his candidature for the Office of Director or the intention of such Member, to propose him, as a candidate for that Office, as the case may be along with a deposit of five hundred rupees which shall be refunded to such person, or as the case may be, to such Member, if the person succeeds in getting elected as a Director.
- (2) The Company shall inform its Members of the candidature of a person for the office of Director or the intention of a Member to propose such person as a candidate for that office for serving individual notices on the Members not less than seven days before the Meeting. Provided that it shall not be necessary for the Company to serve individual notices upon the Members as aforesaid if the Company advertises such candidature or intention not less than seven days before the Meeting in at least two newspapers circulating in the place where the Registered office of the Company is located, of which one is published in the English language and the other in the regional language of that place.

Removal of Directors

- 137 (1) The Company may, by an Ordinary Resolution remove a Director, (not being a Government Director or First Director or a Director appointed by the Government under Section 408 of the Act) before the expiry of his period of office.
- (2) Special notice shall be required of any resolution to remove a Director under this Article, or to appoint somebody instead of a Director so removed at the meeting at which he is removed;
- (3) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned, and the Director (whether or not he is a Member of the Company) shall be entitled to be heard on the resolution at the meeting;
- (4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding a reasonable length) and requests for notification to Members of the Company, the Company shall, unless the representations are received by it too late for it do so –
- In any notice of the resolution given to Members of the Company, state the fact of the representations having been made; and
 - send a copy of the representations to every Member of the Company to whom notice of the meeting is sent (whether before or after receipt of the representations by the Company) and if a copy of the representations is not sent as aforesaid because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting; Provided that copies of the representations need not be read out at the meeting, if on the application either of the Company or of any other person who claims to be aggrieved, the Company Law Board is satisfied that the rights conferred by this sub-article are being abused to secure needless publicity for defamatory matter.

- (5) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in the General Meeting or by the Board pursuant to Article 125, be filled by the appointment of another Director in his stead, by the meeting at which he is removed, provided special notice of the intended appointment has been given under sub-article (2) of this Article. A Director so appointed shall hold office until the date up to which his predecessor would have held office, he had not been removed as aforesaid.
- (6) If the vacancy is not filled under sub-article (5) of this Article, it may be filled as a casual vacancy in accordance with the provisions so far as they may be applicable of Article 125 and all the provisions shall apply accordingly; provided that the Director who was removed from office shall not be re-appointed as a Director by the Board.
- 138 (i) Each member shall annually intimate to the Board in writing by such date as may be fixed from time to time by the Board for the time being, the name of its candidate for being elected to the Board at the next Annual General Meeting.
- (ii) A writing or notice under this Article shall be deemed to have been only given if it is signed by a Director of such member and accompanied by a certified copy of the resolution passed by the Board of such member giving effect to any removal or appointment.
- (iii) The provisions of Articles 136 to 138 (both inclusive) shall be read subject to and in accordance with the provisions of this Articles 139.

PROCEEDINGS OF DIRECTORS

Meeting of Directors

- 140 The Directors may meet together for the conduct of business adjourn and otherwise regulate their meetings and proceedings as they think fit; provided, however that a meeting of the Board of Directors shall be held at least once in every three months, and at least four such meetings shall be held in every year.

Provided that subject to all other applicable provisions of the Companies Act, 1956 and these Articles of Association, Directors of the Company may participate in a meeting of the Board or any Committee of Directors under the Companies Act, 1956 through electronic mode as may be permissible by or under any law for the time being in force.⁵²

When meeting to be convened

- 141 a) The Chairman may at any time and the Manager or such other officer of the Company as may be authorised by the Directors shall upon the request of a Director convene a meeting of the Directors.
- (b) When the Board meeting or Committee meeting is held by videoconferencing, the place where the Chairman or Secretary is sitting during the Board meeting shall be taken as place of meeting in terms of Section 288 of the Companies Act, 1956 and all recordings will be made at such place.⁵²

Notice of Meetings

- 142 Notice of every meeting of the Board of Directors of the Company shall be given in writing to every Director for the time being in India, and at his usual address in India to every other Director.

Chairman of the Board

- 143 The Chairman of the Governing Board shall be a Public Interest Director elected by the Board subject to the prior approval by SEBI. All meetings of the Directors shall be presided over by such Chairman, if present, but if, at any meeting of Directors, the Chairman be not present at the time appointed for holding the same, then and in that case the Directors shall choose one of the Directors then present to preside at the meeting.⁵³

⁵² Inserted vide special resolution passed at Annual General Meeting held on September 25, 2012

⁵³ Substituted vide special resolution passed at Annual General Meeting held on September 25, 2012

Question at a Board meeting, how decided

- 144 Questions arising at any meeting shall be decided by a majority of votes, and in case of an equality of votes, the Chairman of the meeting (whether the Chairman appointed by virtue of these presents or the Director presiding at such meeting) shall have a second or casting vote.

Quorum and its competence to exercise powers

- 145 The quorum for meeting of the Board of Directors of the Company shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher Provided that when any meetings, the number of interested Directors exceeds or is equal to two-thirds of the total strength, the Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time and provided further that the aforesaid proviso shall not be applicable when any contract or arrangement is entered into by or on behalf of the company with a Director or with any firm of which a Director is Member or with any private company of which a Director or member for;

- a. the underwriting or subscription of shares or debentures of the company; or
- b. the purchase or sale of shares or debenture of any other Company; or
- c. a loan by the Company

Provided that in order to constitute quorum, atleast one Public Interest Director shall be present at the meetings of the Board of Directors.⁵⁴

Provided further that a director participating in a meeting through use of videoconference shall be counted for the purpose of quorum, subject to the conditions as may be prescribed by or under any law for the time being in force.⁵⁴

For the purpose of this Article:-

- i) "total strength" means the total strength of the Directors of the Company as determined in pursuance of the Act, after deducting there from the number of the Directors, if any, whose place may be vacant at the time;
- ii) "interested Director" means say Director whose presence cannot by reason of Section 300 of the Act count for the purpose of forming a quorum at a meeting of the Board, at the time of the discussion or vote on any matter.

Procedure where meeting adjourned for want of quorum

- 146 (1) If a meeting of the Board could not be held for want of quorum, then unless the Directors present at each meeting otherwise decide, the meeting shall automatically stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday at the same time and place.
- (2) The provisions of the Article 141 shall not be deemed to have been contravened merely by reason of the fact that a meeting of the Board which had been called in compliance with the terms of that Article could not be held for want of quorum.

Board may appoint Committee

- 147 The Directors may, subject to the provisions of the Act, delegate any of their powers to Committees consisting of such members of their body or person or persons as they deem fit, and they may, from time to time, revoke such delegation. Any Committee so formed shall in the exercise of the powers so delegated, conform to any regulations that may, from time to time, be imposed on it by the Directors.

Meetings of Committee how to be governed

- 148 The meetings and proceedings, of any such Committee shall be governed by the provisions of these presents for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

⁵⁴ Inserted vide special resolution passed at Annual General Meeting held on September 25, 2012

Acts of Board or Committees valid notwithstanding defect of appointment

- 149 All acts done at any meeting of the Board or a Committee thereof or by any person acting as a Director, shall be valid notwithstanding that it may be afterwards discovered that the appointment of any one or more of such Directors or of any person acting as aforesaid, was invalid by reason of defect or disqualification or had terminated by virtue of any provision contained in the Act or these presents; Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

Resolution by Circulation

- 150 No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless, the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of a Board or Committee, as the case may be) and to all other Directors or members, at their usual address in India and has been approved by such of the Directors as are then in India or by majority of such of them, as are entitled to vote on the resolution.

Minutes of proceedings of Directors and Committees

- 151 The Company shall cause minutes of meetings of the Board of Directors and all Committees of the Board to be duly entered in a book or books provided for that purpose. The minutes shall contain:
- i) a fair and correct summary of the proceedings at the meeting;
 - ii) the names of the Directors present at the meeting of the Board of Directors or of any Committee of the Board;
 - iii) all orders made by the Board and Committee of the Board and all appointments of Officers and Committees of Directors;
 - iv) all resolutions and proceedings of meetings of the Board and the Committees of the Board; and
 - v) in the case of each resolution passed at a meeting of the Board or Committee of the Board, the names of the Directors, if any, dissenting from, or not concurring in, the resolution.

By whom Minutes to be signed and the effect of such Minutes

- 152 Any minutes of any meeting of the Board or any Committee of the Board, if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting, shall for all purposes whatsoever be evidence of the actual passing of the resolutions recorded and the actual and regular transaction or occurrence of the proceedings so recorded and of the regularity of the meeting at which the same appear to have taken place.
- Provided that where any Board /Committee meeting is held through electronic mode, the statutory registers which are required to be placed in the Board meeting as per the provisions of the Act, shall be placed before the Chairman in compliance with the Act. The statutory registers required to be signed by the other Directors shall be deemed to have been signed by Directors participating through electronic mode if they give their consent to this effect in that meeting.⁵⁵

Provision of the Act

- 153 A director shall comply with the provision of Sections 159, 295, 297, 299, 303, 305, 307 and 308 of the Act to the extent applicable.

POWERS OF DIRECTORS

General powers of Company vested in Directors

- 154 Subject to the provisions of the Act and these presents, the business of the Company shall be managed by the Directors who may exercise all such powers and do all such acts and things as the Company is by its Memorandum or Association or otherwise authorized to exercise and do

⁵⁵ Inserted vide special resolution passed at Annual General Meeting held on September 25, 2012

and are not by these presents or by statute directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Act and of the Memorandum or Association and these presents from time to time made by the Company in General Meeting provided that no such regulation shall invalidate any prior act of Directors which would have been valid if such regulation had not been made.

155 The Board shall exercise the following powers on behalf of the Company, and it shall do so only by means of resolutions passed at its meetings:

- i) the power to make calls on shareholders in respect of money unpaid on their shares and the power to make buy-back of shares;
- ii) the power to issue debentures;
- iii) the power to borrow monies otherwise than by debentures;
- iv) the power to invest the funds of the Company; and
- v) the power to make loans;

Provided the Board may, by a resolution passed at a meeting delegate to any Committee of Directors, the Chairman, the Managing Director, the Whole-time Director or any other Officer or, in the case of a Branch office of the Company, the Principal Officer of the Branch office of the Company, the powers specified in the sub-articles (3), (4) and (5) above to the extent specified in Section 292 of the Act on such conditions as the Board may prescribe.

Consent of Company necessary for exercise of certain powers

156 The Board shall not, except with the consent of the Company in General Meetings:

- (1) sell, lease or otherwise dispose of the whole, or substantially the whole, or the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.
- (2) remit or give time for the re-payment of any debt due by a Director.
- (3) invest, otherwise than in trust securities, sale proceeds resulting from the acquisition, without the consent of the Company, of any such undertaking as is referred to in sub-article (1) above or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time.
- (4) borrow monies where the monies to be borrowed together with the money already borrowed by the Company, (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose; or
- (5) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed Rs.50,000/- (Rupees fifty thousand only), or five percent of its average net profits as determined in accordance with the provisions of the Act during the three financial years immediately preceding, whichever is greater.

Specific powers given to Directors

157 Without prejudice to the general powers concerned by Article 154 and the other powers conferred by these presents but subject to the provisions of the Act, it is hereby expressly declared that the Directors shall have the following powers:-

- (1) to pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company,
- (2) to have an Official Seal for use abroad,
- (3) to keep Foreign Register in accordance with the provisions of the Act,
- (4) to purchase or otherwise acquire for the Company any property rights or privileges which the Company is authorised to acquire at such price and generally on such terms and conditions as they may think fit.

To pay for property

- (5) At their discretion to pay for any property or rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash, or in shares, bonds, debentures, debenture stock or other securities of the Company, and any such shares may be issued whether as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, debenture stock or other securities may be either specially charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

To insure properties

- (6) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of insurance effected in pursuance of this power.

To open bank accounts

- (7) To open accounts with any bank or bankers or with any Company, firm or individual and to pay money into and draw money from any such account from time to time as the Directors may think fit.

To secure contracts

- (8) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its unpaid capital for the time being in such other manner as they think fit.

To attach conditions

- (9) To attach to any shares to be issued as the consideration or part of the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, such conditions as to transfer thereof as they think fit.

To accept surrender of shares, etc.

- (10) to accept from any Member on such terms and conditions as shall be agreed a surrender of his shares or stocks or any part thereof.

To appoint Trustees

- (11) to appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested, or for any other purposes and to execute and do all such acts and things as may be requisite in relation to any such trust and to provide for the remuneration of such trustee or trustees.

To institute and defend legal proceedings

- (12) to institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debt due or of any claims or demands by or against the Company.

To refer to arbitration

- (13) to refer any claim or demand by or against the Company to arbitration and observe and perform the awards.

To act in matters of bankruptcy

- (14) to act on behalf of the Company in all matters relating to bankruptcy and insolvency.

To give receipts

- (15) to make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.

To authorise execution of bills, etc.

- (16) To determine, from time to time, who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases,

contracts and documents.

To invest moneys

- (17) to invest and deal with any of the monies of the Company not immediately required for the purposes thereof, in such securities and in such manner as they may think fit and from time to time to vary or realise such investments.

To provide for the welfare of employees etc.

- (18) to provide for the welfare of employees or ex-employees of the Company and the wives and families or the dependents or connections of such persons by building or contributing to the building of houses or dwellings or by grants or money pensions, allowances, bonus, ex-gratia or other payments or by creating and from time to time, subscribing or contributing to provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of instruction, education and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Company shall think fit.

To subscribe for Charitable fund etc.

- (19) Subject to the provisions of Section 293 of the Act to subscribe or guarantee money for any national, charitable, benevolent, public, general or useful object or for any exhibition or any institution, club, society or fund.

To establish Reserve Fund

- (20) The Directors may, before recommending any dividend, set aside, out of the profits of the Company, some sums as the Directors may think proper for Depreciation or to a Depreciation Fund or as Reserve or to a Reserve Fund or Sinking Fund or any special fund to meet contingencies or to redeem debentures or for repairing, improving, extending and maintaining any part of the property of the Company or for such other purposes as the Directors may in their absolute discretion think conducive to the interests of the Company, and the Directors may invest the several sums so set aside or so much thereof as required to be invested upon such investments (subject to the restrictions imposed by the Act) as the Directors may think fit; and from time to time deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interests of the Company notwithstanding that the matters to which the Directors apply or upon which they expend the same, or any part thereof may be matters to or upon which the capital monies of the Company might rightly be applied or expended; and the Directors may divide the reserve or any fund into such special funds and transfer any sum from one fund to another as the Directors may think fit, and may employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of debentures and that without being bound to keep the same separate from the other assets, and without being bound to pay interest on the same, with power, however, to the Directors at their discretion to pay or allow to the credit of such fund interest at such rate as the Directors may think proper.

To appoint officers etc.

- (21) To appoint and at their discretion remove or suspend such committee or committees of experts, technicians or advisers or such Managers, Officers, clerks, employees, and agents for permanent, temporary or special services as they may, from time to time, think fit, and to determine their powers and duties and fix their salaries and emoluments and require security in such instances and to such amounts as they may think fit, and also without prejudice as aforesaid, from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India in such manner as they think fit and the provisions contained in sub articles (22) and (23) following shall be without prejudice to the general powers conferred by this sub-article.

To ensure compliance of local laws

- (22) to comply with the requirements of any local law, which in their opinion, shall in the interest of the Company be necessary or expedient to comply with.

To establish Local Boards

- (23) From time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of any Local Boards and to fix their remuneration. And from time to time and at any time, but subject to provisions of Section 292 and 293 of the Act and these presents, to delegate to any person so appointed any of the Power, authorities and discretions for the time being vested in the Directors, and to authorize the members from the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such conditions as the Directors may think fit, and the Directors may at any time remove any persons so appointed, and may annul or vary any such delegation. Any such delegates may be authorized by the Director to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.
- (24) At any time and from time to time but subject to the provisions of Section 292 and 293 of the Act and Article 147 by Power of Attorney to appoint any person or persons to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to such conditions as the Directors may, from time to time, think fit and any such appointment (if the Directors think fit) may be made in favour of the Members or in favour of any company or the members, Directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Directors, and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorney as the Directors may think fit).

Delegation of powers

- (25) Generally subject to the provisions of the Act and these Articles to delegate the powers, authorities and discretion vested in the Directors to any person, firm, company or fluctuating or persons.

Sub-Delegation of powers by Delegates

- (26) Any such delegate or attorney as aforesaid may be authorized by the Directors to sub-delegate all or any of the powers, authorities and discretion for the time being vested in him.

To enter into contracts

- (27) To enter into all such negotiations and contracts and reassign and vary all such contracts and execute and do all such acts, deeds and things in the name of and on behalf of the company as they may consider expedient for or in relation to any of the matter aforesaid or otherwise for the purpose of the company.
- (28) To frame, amend, alter, modify and enforce rules, regulations, bye-laws and codes of conduct for the clearing members of the corporation, companies seeking enlistments and other participants in such dealings in securities on the corporation by whatsoever name called provided that the power under this clause shall be exercised by a three fourth majority of the directors present and voting at a duly convened meeting of the Board.

Power of the Board

- 158 (1) The Board shall have power to organise, maintain, control, manage, regulate and facilitate the operations of the corporation(s) subject to the provisions of these Articles, and any other applicable legal provisions.
- (2) Subject to the provisions of these Articles, Rules, Bye-laws and Regulations the Directors shall have power and wide authority to make Bye-laws from time to time, for any or all matters relating to the conduct of the business of the Company and to control, define and regulate all such transactions and to do such acts and things which are necessary for the purposes of the corporation or of the Company.
- (3) Without prejudice to the generality of the foregoing, the Board shall have power to frame, make, amend, alter, modify and enforce Bye-laws, inter alia, for all or any of the following matters:-

- i) Conditions for admission to clearing membership of the Corporation.
 - ii) Conduct of business of the Corporation
 - iii) Conduct of members of the Corporation with regard to the business of the corporation, subject to rules bye-laws, Regulations or Usage of the Corporation.
 - iv) Time, place and manner for transacting business of the Corporation.
 - v) Penalties for disobedience or contravention of the Rules, Bye-Laws and Regulations or of general discipline of Corporation, including expulsion or suspension of the clearing members of the Corporation.
 - vi) Declaration of any clearing member of the Corporation as defaulter or suspension or expulsion from clearing membership of the Corporation and of consequences thereof;
 - vii) Scale of commission or brokerage which clearing members of Corporation can charge;
 - viii) Conditions, admission fee or subscription for admission to or continuance as clearing member of the Corporation.
 - ix) Charge payable by clearing member of the Corporation for transactions as may be laid down from time to time;
 - x) Investigations of the financial condition, business conduct and dealings of the clearing members of the Corporation;
 - xi) Settlement of disputes, complaints, claims arising between clearing members inter se as well as between clearing members and persons who are not clearing members of the Corporation relating to any transaction in securities made subject to the Rules, Bye-Laws, Regulations and usage of the Corporation including settlement by arbitration or any other mode, method or means as may be decided, in accordance with Rules, Bye-Laws, Regulations and usage of the Corporation in force from time to time.
 - xii) Establishing and functioning of Clearing House(s) or other arrangements for clearing;
 - xiii) Creation and management of settlement fund, guarantee fund, insurance, collection and maintenance of margins and deposits and any other default, risk and liability management mechanism.
 - xiv) Appointment of Committee for any purposes of the Corporation.
- (4) The Board shall be empowered to delegate to any committee or to any person, all or any of the powers vested in it, to manage all or any of the affairs of the Corporation.
- (5) Subject to the provisions of these presents, and any other applicable legal provisions, the Board shall be empowered to vary, amend or repeal or add to, Rules, Bye-Laws and Regulations framed by it.

SEAL

The Seal, its custody and use

- 159 The Board shall provide a common seal for the purposes of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof and the Board shall provide for the safe custody of the seal for the time being and the seal shall never be used except by or under the authority of the Board or a Committee of Directors, and in the presence of one Director or any other person who may be authorized in this regard at the least, who shall sign every instrument to which the Seal is affixed; provided that certificates of shares may be under the signatures of such persons as provided that certificates of shares may be under the signatures of such persons as provided by the Companies (Issue of Share Certificates) Rules in force from time to time. Save as otherwise expressly provided by the Act a document or proceeding requiring authentication by the Company may be signed by a Director, or the Secretary or any other officer authorized in that behalf by the Board and need not be under its Seal.

Seal abroad

- 160 The Company may exercise the powers conferred by Section 50 of the Act and such powers

shall accordingly be vested in the Directors.

DIVIDENDS

Division of Profits

- 161 The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of the Act, and these presents shall be divisible among the Members in proportion to the amount of capital paid up in the shares held by them respectively.

Capital Paid up in advance at interest not to earn dividend

- 162 Where capital is paid up in advances of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right (to dividend) to participate in profits.

Dividend in proportion to amount paid up

- 163 The company may pay dividends in proportion to the amount paid up or credited as paid up on each share where, a large amount is paid up or credited as paid up on some shares than on others.

The Company in General Meeting may declare a dividend

- 164 The Company in General Meeting may declare a dividend to be paid to the member according to the respective rights and interest in the profits and may fix the time for payment.

No large dividend than recommended by Directors, etc.

- 165 No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend, subject to the provisions of Section 205 of the Act, and no dividend shall carry interest as against the Company. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Interim dividend

- 166 The Directors may, from time to time pay the members such interim dividends as in their judgement the position of the Company justifies.

Retention of dividends until completion of transfer under Article 58

- 167 The Directors may retain the dividends payable upon shares in respect of which any person is, under Article 57 hereof, entitled to transfer until such person shall become a Member in respect of such shares.

No Member to receive dividend while indebted to the Company and Company's right to reimbursement thereof.

- 168 Subject to Section 205 of the Act, no Member shall be entitled to receive payment of any interest or dividend in respect of his shares whilst any money may be due or owing from him to the Company in respect of such share or shares of or otherwise howsoever either alone or jointly with any other person or persons and the Directors may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.

Transfer of shares must be registered

- 169 A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Special provision with reference to dividend

- 170 No dividend shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalization of profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the Members of the Company.

Dividend how remitted

- 171 Any dividend payable in cash may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled or in case of joint holders to that one of them first named in the register in respect of the joint holders. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay-slip or receipt lost in transmission, or for any dividend lost to the member or person entitled thereto by the forged endorsement of any

cheque or warrant or the forged signature on any pay-slip or receipt or the fraudulent recovery of the dividend by any other means.

Unclaimed or unpaid dividend

- 172 (a) If a dividend declared by the Company has not been paid or claimed within forty two days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within seven days from the date of expiry of the said period of forty two days, open a special account in that behalf in any Scheduled Bank called "the Unpaid Dividend Account of MCX- SX Clearing Corporation Limited" and transfer the total amount of such dividend remaining unpaid or unclaimed, to such account.
- (b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the Shareholders to whom the money is due.

Dividend and Call be simultaneous

- 173 Subject to Section 205A of the Act, any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged between the Company and the member, be set off against the calls.

Capitalisation

- 174 (a) Any General Meeting may resolve that any monies, investments or other assets forming part of the undivided profits (including profits or surplus monies arising from the realization and (where permitted by law) from the appreciation in value of any capital assets of the Company) standing to the credit of the Reserve or Reserve Fund or any other Fund of the Company or in the hands of the Company and available for dividend or representing premium received on the issue of shares and standing to the credit of the share premium account be capitalized:
- by the issue and distribution of fully paid up shares, debentures, debenture-stock, bonds or other obligations of the Company, or
 - by crediting shares of the Company, which may have been issued to and are not fully paid up with the whole or any part of sum remaining unpaid thereon.
- (b) Such issue and distribution under (A)(i) above and such payment to the credit of unpaid share capital under (A)(ii) above shall be made to among and in favour of the Members or any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under (A)(i) or payment under (A)(ii) above shall be made on the footing that such Members become entitled thereto as capital.
- (c) The Directors shall give effect to any such resolution and apply such portion of the profits of Reserve or Reserve Fund or any other Fund on account as aforesaid and may be required for the purpose of making payment in full for the shares, debentures or debenture-stock, bonds or other obligations of the Company so distributed under (A)(i) remaining unpaid on the shares which may have been issued and are not fully paid up under (A)(ii) above. Provided that no such distribution or payment shall be made unless recommended by the Directors and if so recommended, such distribution and payment shall be accepted by such Members as aforesaid in full satisfaction of their interest in the said capitalized sum. For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments be made to any Members on the footing of the value so fixed and may vest any such cash shares, debentures, debenture-stock, bonds or other obligations in trustees upon such trusts for the person entitled thereto as may seem expedient to the Directors and generally may make such arrangements for the acceptance, allotment and sale of such shares, debentures, debentures-stock, bonds or other obligations and fractional certificates or otherwise as they may think fit. Provided further that subject to the provisions of the Act and these presents, in

cases where some of the shares of the Company are fully paid up and others are partly paid up only such capitalization may be effected by the distribution of further shares in respect of the fully paid up shares, and by crediting the partly paid up shares with the whole or part of the unpaid liability thereon but so that as between the holders of the fully paid-up shares and in the extinguishments or diminution of the liability on the partly paid up shares shall be so applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully paid up and partly paid up shares respectively.

- (d) When deemed requisite a proper contract shall be filed in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the holders of the shares of the Company, which shall have been issued prior to such capitalization, and such appointment shall be effective.

ACCOUNTS

Books of Accounts to be kept

175 The Board shall cause true accounts to be kept of

- (a) all sums of money received and expended by the Company and the matters' in respect of which the receipts and expenditure take place;
- (b) all sales and purchase of goods by the Company and.
- (c) the assets and liabilities of the Company, and generally of all its commercial, financial and other affairs, transaction and engagement and of all other matters, necessary for showing the true financial state and condition of the Company, and the accounts shall be kept in English and in the manner provided in Section 209(3) of the Act and the books of accounts shall be kept at the Registered Office or such other place or places in India subject to compliance of the provisions of the Companies Act, 1956 as the Board think fit, and shall be open to inspection by the Directors during business hours.

Inspection by Members of accounts and books of the Company

176 The Board shall from time to time determine whether and to what extent and at what time and places and under what conditions or regulations the books of accounts of the Company or any of them shall be open to the inspection of members not being Directors and no member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Directors or by the Company in the General Meeting.

Statement of Accounts and Reports to be furnished to General Meeting Balance Sheet to be served on every member.

177 Once at least in every calendar year the Board shall place before the Company in the Annual General Meeting a Profit and Loss Account for the period since the preceding account and the Balance Sheet containing a summary of the property and liabilities of the Company made upto a date not more than 6 months before the meeting or in case where an extension has been granted for holding the meeting upto such extended time and every such balance sheet shall as required by Section 217 of the Act, be accompanied by a Report (to be attached hereto) of the Directors as to the state and condition of the Company, and as to the amount (if any) set aside by them for the Reserve Fund, General Reserve or Reserve Account shown specifically in the Balance sheet or to be shown specifically in a subsequent Balance Sheet.

Form and contents of Balance Sheet and Profit and Loss Account

178 Every Balance Sheet and Profit and Loss Account of the Company shall give a true and fair view of the state of affairs of the Company and shall, subject to the provisions of Section 211 of the Act, be in the Forms set out in Parts I and II respectively of Schedule VI of the Act, or as near thereto as circumstances admit.

Authentication of Balance Sheet and other documents; Copies thereof to be sent to Members

179 (i) The Balance Sheet and the Profit and Loss Account shall be signed by the Manager or Secretary if any, and by not less than two Directors of the Company one of whom shall be the Managing Director if appointed or when only one Directors is for the time being in India, by such Director and Manager or Secretary. But in the latter case, the Director concerned shall attach to the Balance Sheet a statement signed by him explaining the reasons

therefore. The Balance Sheet and the Profit and Loss Account shall be approved by the Board before they are signed on behalf of the Board in accordance with the provisions of this Article and before they are submitted to the Auditor for their report thereon. The Auditors' Report shall be attached to the Balance Sheet and the Profit and Loss Account or there shall be inserted at the foot of the Balance Sheet and Profit and Loss Account a reference to the Report.

- (ii) A copy of such Balance Sheet and the Profit and Loss Account of audited together with a copy of the Auditors' Report shall, at least twenty one days before the meeting at which the same are to be laid before the Members of the Company, subject to the provisions of Section 219 of the Act, be sent to every Member of the Company, to every trustee for the holders of any debentures issued by the Company whether such member or trustee is or is not entitled to notices of General Meeting of the Company to be sent to him, and to all other persons other than such members or trustees, being persons to entitled and a copy of the same shall be made available at the office for inspection by the Members of the Company during a period of at least twenty one days before the meeting.

Provided that subject to the provisions of Section 219 of the Companies Act, 1956, a copy of every balance sheet (including profit and loss account, the auditor's report and every other documents required by law to be annexed or attached, as the case may, to the balance sheet) which is to be laid before the Company in general meeting can be sent through such electronic mode as may be permissible by or under any law for the time being in force.⁵⁶

Copies of Balance Sheet and Profit and Loss Account and Auditors' Report to be filed.

- 180 After the Balance Sheet and Profit and Loss Account have been laid before the Company at a General Meeting, three copies thereof signed by the Manager or Secretary or as required by Section 220 of the Act shall together with the requisite Returns in accordance with the requirements of Section 159 and 161 of the Act be filed with the Registrar of Companies within the same specified in Section 220 of the Act.

AUDITORS

Accounts to be audited

- 181 Once at least in every year the accounts of the Company shall be balanced and audited and the correctness of the Profit and Loss Account and Balance Sheet ascertained by one or more Auditors or Auditors.

Appointment and Qualification of Auditors

- 182 The Company shall at each Annual General Meeting appoint an Auditor or Auditors being Chartered Accountant or Accountants to hold office from conclusion of that meeting until the next Annual General Meeting and shall within seven days of the appointment thereof give intimation thereof to every auditor so appointed and the following provisions shall have effect, that is to say:
- (1) If an appointment or re-appointment of an Auditor or Auditors is not made at an Annual General Meeting the Company shall, within seven days thereof, give notice of the fact to the Central Government who may appoint an Auditor of the Company for the current year, and fix the remuneration to be paid to him by the Company for his services.
 - (2) The Directors may fill up any casual vacancy that may occur in the office of Auditor by the appointment of a person being a Chartered Accountant who shall hold such office until the conclusion of the next Annual General Meeting but while any such vacancy continues, the surviving or continuing Auditor or Auditors (if any) may act. Provided that where such vacancy is caused by the resignation of the Auditor, (if any) may act. Provided that where such vacancy is caused by the resignation of the Auditor, the vacancy shall only be filled by the Company in General Meeting.

⁵⁶ Inserted vide special resolution passed at Annual General Meeting held on September 25, 2012

- (3) A body corporate, a Director, Officer or employee of the Company, or a partner of or person in the employment of such Director, officer or employee or any person indebted to the Company for an amount exceeding One Thousand Rupees or who has given any guarantee or provided any security in connection with the indebtedness of any third person to the Company for an amount exceeding One Thousand Rupees shall not be appointed Auditor of the Company.
- (4) If any person after being appointed Auditor becomes disqualified under clause (3), he shall be deemed to have vacated his office.
- (5) Retiring Auditors shall subject to the provisions of sub-section (2) of Section 224 of the Act be re-appointed.
- (6) No person other than a retiring Auditor shall be capable of being appointed to the office of Auditor at any Annual General Meeting unless Special Notice of a resolution of appointment of that person to the office of Auditor has been given by a Member to the Company not less than fourteen days before the Meeting in accordance with Section 190 of the Act, and the Company shall send a copy of any such Notice to the retiring Auditor and shall give notice thereof to the Members in accordance with Section 190 of the Act and all the other provisions of Section 225 of the Act shall be complied with. The provisions of this sub-article shall also apply to a resolution that a retiring Auditor shall not be re-appointed.

Remuneration of Auditors

- 183 The remuneration of the Auditors of the Company shall be fixed by the Company in General Meeting except that the remuneration of Auditors appointed to fill any casual vacancy, may be fixed by the Directors and where his appointment has been made by the Central Government pursuant to clause (1) of the last preceding Article 186 it may be fixed by the Central Government.

Auditor: their powers and duties

- 184 (1) Every Auditor of the Company shall have a right of access at all the times to the books and accounts and vouchers of the Company and shall be entitled to require from Directors and officers of the Company, such information and explanations as may be necessary for the performance of the duties of the Auditors and the Auditors shall make report to the Shareholders on the accounts examined by them, and on every Balance Sheet and Profit and Loss Account and every other document declared by the Act to be the part of or annexed to the Balance Sheet or Profit and Loss Account, which are laid before the Company in General Meeting during their tenure of office, and the report shall state whether in their opinion and to the best of their information and according to the explanations given to them, the said Accounts give the information required by the Act, in the manner so required and give a true and fair view, (i) in the case of the Balance Sheet, of the state of the Company's affairs as at the end of its financial year and (ii) in the case of the Profit and Loss Account, of the profit or loss for its financial year.
- (2) The Auditors' Report shall also state: (a) whether they had obtained all the information and explanations which to the best of their knowledge and belief were necessary for the purpose of their audit; (b) whether, in their opinion, proper books of account as required by law have been kept by the Company for far as appears from the examination of those books and proper returns adequate for the purpose of their audit have been received from the branches not visited by them; and (c) whether the Company's Balance Sheet and Profit and Loss Account dealt with by the Report are in agreement with the Books of account and Returns, where any of the matters referred to in items (i) and (ii) or (a), (b) and (c) aforesaid is answered in the negative or with a qualification the Auditors' Report shall state the reason for the same.
- (3) The Auditors' Report shall be attached to the Balance Sheet and Profit and Loss Account or set out the foot thereof and such be read and before the Company in General Meeting and shall be open to inspection by any Member of the Company.

Auditors' right to attend Meetings

- 185 All notices of, and other communications relating to, any General Meeting of the Company which any Member of the Company is entitled to have sent to him shall also be forwarded to the

Auditors of the Company; and the Auditors shall be entitled to attend and to be heard at any General Meeting and to be heard at any General Meeting which they attend or any part of the business which concerns them as Auditors.

Accounts when audited and approved to be conclusive except as to errors discovered within three months:

- 186 Every account when audited and approved by the General Meeting shall be conclusive except with regard to any error discovered therein within three months after the approval thereof. Whenever any such error is discovered within that period, the account shall forthwith be corrected and thenceforth shall be conclusive.

NOTICE

Notice

- 187 (1) A document (which expression for this purpose shall be deemed to include any summons, notices, requisition, process, order, judgment or any other document in relation to the Company or the winding up of the Company) may be served or sent by the Company on or to any Shareholder either personally or by sending it by post to him at his registered address or through such electronic mode as may be permissible by or under any law for the time being in force.⁵⁷
- (2) Where a document (which shall for this purpose be deemed to include any summons, requisition, process order judgment or any other documents in relation to the winding up of the Company) or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a member has intimated to the Company in advance that Documents or notice should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so service of the document or notice shall not be deemed to be effected unless it is sent to him under a certificate of posting or by registered post with or without acknowledgement due and, such service shall be deemed to have been effected in the case of notice of a meeting at the expiration of forty eight hours after the letter containing the notice is posted and in any case at the time at which the letter would be delivered in the ordinary course of post.

Notice of Members having no registered address

- 188 If a Member has no registered address in India and has not supplied to the Company an address within India for the giving of notices to him, a notice advertised in a newspaper circulating in the neighborhood of the office shall be deemed to be fully given to him on the day on which the advertisement appears.

Persons entitled to notice of General Meetings

- 189 Notice of every General Meeting shall be give in same manner hereinbefore authorized to (a) every member of the Company (including bearers of share warrant), (b) every person entitled to a share in consequence of the death or insolvency of a Member who but for his death or insolvency would be entitled to receive notice of the meeting and also to (c) the Auditor or Auditors of the Company.

Notice by Company and signature thereto

- 190 Any notice to be given by the Company shall be signed by the secretary (if any) or by such officer as the Directors may appoint, Such signature may be written, printed or lithographed..

Transfers etc, bound by prior notice

- 191 Every person who, by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share, which previously to his name and address and title to the share being notified to the Company, shall have been

⁵⁷ Substituted vide special resolution passed at Annual General Meeting held on September 25, 2012

duly given to the person from whom he derives his title to such share.

Notice valid though Member deceased

- 192 Subject to the provisions of the Act, any notice given in pursuance of these presents or documents delivered or sent by post to or left at the registered address of any Member or at the address given by him under Article 185 in pursuance of these presents, shall notwithstanding such Member be then deceased and whether or not the Company have notice of his decease be deemed to have been duly served in respect of any registered share, whether held solely or jointly with other persons by such Member until some other persons be registered in his stead as the holder or the joint holder thereof, and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heir executors or administrators and all persons, if any jointly interested with him or her in any such share.

Secrecy Clause

- 193 No member shall be entitled to require discovery of or any information respecting any detail of the Company's business (or of the Corporation) or any matter which may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors, will be inexpedient in the interest of the Members of the Company to communicate to the public.

INDEMNITY AND RESPONSIBILITY

Directors' and others' right to Indemnity

- 194 (1) Subject to the provisions of section 201 of the Act, the Board of Directors, Managing Director, Managers, Secretary and other Officers or other employees for the time being of the Company, Auditor and other trustee, if any, for the time being acting in relation to any of the affairs of the Company, and every one of them and every one of their heirs, executors and administrators shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damage, and expenses which they or any of them, or their executors or administrators shall or may incur or sustain by reason of any act done, occurred in or omitted in or about the execution of their duty, or supposed duty, their respective offices or trusts, except such, if any, as they shall incur or sustain through or by their own willful neglect or default respectively.
- (2) Save and except so far as the provisions of this Articles shall be avoided by Section 201 of the Act, none of them shall be answerable for the acts, receipts, neglects or defaults of the other or other of them, or for joining in any receipt for the sake of conformity, or for insolvency of any bankers or other persons with whom any moneys of effects belonging to the Company shall or may lodged or deposited for safe custody or for the insufficiency or deficiency of any security upon which any moneys belonging to the Company shall be placed out of invested or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts or in relation thereto, except when the same shall happen by or through their own willful neglect or default respectively.
- (3) Subject to the provisions of Section 201 of the Act, no Director or other officer of the Company shall be liable for the act, receipts, neglect or default of any other Director or officer of the Company or for joining in any receipt or other act for conformity if any loss or expenses happening to the Company through the insufficiency or deficiency to title to any property acquired by the order of the Director for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act or any person with whom any error or judgment or oversight on his part, or for any other loss, or damage whatsoever, which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own negligence or dishonesty.

WINDING UP

Distribution of assets

- 195 (1). If the Company shall be wound up, and the assets available for distribution among the

members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively; and if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of winding up, paid up, or, which ought to have been paid up on shares held by them respectively.

Manner of Distribution of Assets

- 196 If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution, divide amongst the contributories, in specie or in kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories, or any of them as the liquidators with the like sanction shall think fit, but so that no contributor shall be compelled to accept any shares or other securities whereon there is any liability.

We, the several persons whose names, addresses, descriptions and occupations as hereunto subscribed, are desirous of being formed into a Company in pursuance of this Articles of Association :-

Name, address and description of the Subscribers	Signature(s)	Witness
1. MCX Stock Exchange Limited (MCX-SX) Exchange Square, CTS 255, Suren Road, Andheri (East), Mumbai – 400093 Business (Represented by its Authorized Representative, Mr. Joseph Massey vide Board Resolution dated 06.10.2008)	Sd/-	Witness to Subscriber No. 1 to 2 Sd/- Kamlesh N. Gujar s/o Nivrutti R. Gujar 102 A, Landmark, Andheri (East), Chakala, Mumbai – 400 093
2. Multi Commodity Exchange of India Limited(MCX) Exchange Square, CTS 255, Suren Road, Andheri (East), Mumbai – 400093 Business (Represented by its Authorized Representative, Mr. V. Hariharan vide Board Resolution dated 20.09.2008)	Sd/-	

Name, address and description of the Subscribers	Signature(s)	Witness
3. Financial Technologies (India) Limited (FTIL) 601 Boston House, Suren Road, Chakala, Andheri (East) Mumbai – 400093. Business (Represented by its Authorized Representative, Mr. Hariraj Chouhan vide Board Resolution dated 31.10.2008)	Sd/-	Witness to Subscriber No. 3, 4, 5 Sd/- Kamlesh N. Gujar s/o Nivrutti R. Gujar 102 A, Landmark, Andheri (East), Chakala, Mumbai – 400 093
4. Mr. Vaidyalingam Hariharan s/o. Mr. Vaidyalingam Sharma Plot-104, Tower-B, Flat-503-504 Dosti Elite, Next to Sion Telephone Exchange, Sion East Mumbai – 400022 Occupation : Service (Nominee of MCX-SX)	Sd/-	
5. Mr. Joseph Massey s/o Mr. Daniel Massey 702, C Wing, Trans Residency, MIDC, SEEPZ, Off Mahakali Caves Road, Andheri (East) Mumbai – 400093 Occupation : Service (Nominee of MCX -SX)	Sd/-	
6. Mr. P. Ramanathan s/o. Mr. P Padmanabhan 240/6243, Mahavir Prem, Pant Nagar, Ghatkopar (East), Mumbai – 400075 Occupation : Service (Nominee of MCX)	Sd/-	Witness to Subscriber No. 6 to 7 Sd/- Kamlesh N. Gujar s/o Nivrutti R. Gujar 102 A, Landmark, Andheri (East), Chakala, Mumbai – 400 093
7. Mr. Hariraj Chouhan s/o. Mr. Shankar Chouhan Apollo 'A' Wing, Hiranandani Estate, G.B. Road Thane (West) – 400607 Occupation : Service (Nominee of FTIL)	Sd/-	

Place : Mumbai,
dated 6th November 2008.

For MCX-SX Clearing Corporation Limited,

Place : Mumbai,
dated 14th November 2014.
भाग दोन (संकीर्ण)-३४

U. VENKATARAMAN,
Managing Director & CEO.

Serial No. 495

**IN THE HIGH COURT OF JUDICATURE
AT BOMBAY**

**ORDINARY ORIGINAL CIVIL
JURISDICTION**

COMPANY PETITION (L) No. 671 OF 2014

In the matter of winding-up of
Reid and Taylor (India) Ltd. ;

... Company ;

ICICI Bank Limited a Public Company incorporated under the Companies Act, 1956 and a Banking Company within the meaning of the Banking Regulation Act, 1949, having its *Registered Office* at "Landmark", Race Course Circle, Vadodara 390 007 and its corporate office at ICICI Bank Towers, Bandra-Kurla Complex, Bandra, Mumbai 400 051.

... Petitioner.

Advertisement of Petition

Notice is hereby given that a Petition for winding-up of the abovenamed Company was presented before the Hon'ble High Court, Bombay by the Petitioner abovenamed, being a Creditor of the Company, on 24th September, 2014 and that by virtue of and pursuant to the Order of the Hon'ble Court dated 22nd December, 2014, the said Petition stands admitted and the said Petition is directed to be heard before the Hon'ble Court on 22nd January, 2015.

Any Creditor, Contributory or person desirous of supporting or opposing the making and/or passing of orders on the said Petition should send to the Advocates of the Petitioner, at their address mentioned hereunder, a

notice of his/their intention, signed by him/ them and/or his/their Advocates, furnishing therein his/their full name and address, within such time and in such manner so as to reach the said Advocates of the Petitioner at their said address mentioned hereunder, not later than five (5) days before the aforesaid date fixed for hearing of the Petition and appear at the hearing for the purpose in person or by his Advocate, failing which, it shall be deemed that there exists no such creditor, contributory or person desirous of supporting or opposing the Petition, as the case may be. The general public May take Notice that in such event, the Hon'ble Court will proceed to hear the Petition on the assumption that there is no objection to the winding-up of the Company.

A copy of the Petition will be furnished by the Petitioner's Advocate to any creditor or contributory on payment of the prescribed charges for the same.

Any Affidavit intended to be used in opposition to the Petition, should be filed in Court and a copy thereof served upon the Petitioner's Advocates, not less than five (5) days before the aforesaid date fixed for hearing of the Petition.

This Notice is issued on behalf of the Petitioner by their Advocates, being :

M/s. DESAI & DIWANJI,
Advocates, Solicitors & Notaries.

2nd Floor, Lentin Chambers,
Dalal Street, Fort,
Mumbai 400 001.

Serial No. 493

**IN THE HIGH COURT OF JUDICATURE
AT BOMBAY**

**ORDINARY ORIGINAL CIVIL
JURISDICTION**

COMPANY PETITION NO. 81 OF 2013

In the matter of Sections 433 (e),
434 and 439 of the Companies
Act, 1956 ;

And

In the matter of winding up of
Emprocell Clinical Research
Private Limited, a company
incorporated and registered
under the provisions of the
Companies Act, 1956, having its
Registered Office at C-7/1A, TTC
Industrial Area, MIDC, Village
Pawane, Navi Mumbai 400 705;

CIN No. U24231MH2006PTC161334.

... Company.

Lok-Beta Pharmaceuticals (India)
Pvt. Ltd., A company formed and
incorporated under the Companies
Act, 1956 and having its registered
office at 324, Corporate Centre,
Nirmal Lifestyle, LBS Marg,
Mulund (West), Mumbai 400 080.

Advertisement of Petition

A petition under Section 433 (e), 434 and 439
for winding up of the abovenamed Company,
was presented by Lok-Beta Pharmaceutical
(India) Private Limited. The Hon'ble Court of
Bombay on 11th January, 2013 by the
Petitioners abovenamed, Creditors of the
Company and the said Petition was admitted

on 9th December, 2014 and the same is now
fixed for hearing before the company Judge on
13th January, 2015 at 11-00a.m. in the
afternoon or soon thereafter.

Any Person/ Creditor and/or Contributory
desirous of supporting or opposing the said
petition, should sent to the Petitioner or his
Advocate at his office address mentioned
hereunder, a notice of his intention signed by
him or his Advocate with full name and address
so as to reach the petitioner or his Advocate
mentioned herein under not later than five
days before the date fixed for hearing of the
Petition and appear at the hearing for the
purpose in person or by his Advocate.

A copy of the Petition will be furnished by
the Petitioner's Advocate on payment of the
prescribed charges for the same.

Any Affidavit intended to be used in
opposition to the Petition should be filed in
Court and a copy thereof served on the
Petitioner's Advocate not later than five days
before the date fixed for hearing.

Bombay, dated 24th December 2014.

SATENDRA KUMAR,
Advocates for the Petitioner.

Room No. 56, 3rd Floor,
Law Library, High Court,
Fort, Mumbai 400 032.

Serial No. 492**Notice**

Notice is hereby given that the certificate(s) for the under mentioned securities of Company has been lost/mislaidd and the holder(s) of the said securities/applicant(s) has/have applied to the company to issue duplicate certificate(s).

Any person who has a claim in respect of the said securities should lodge such claim with the company as its registered within 15 days from this date, else the Company will proceed to issue duplicate certificate(s) without further intimation.

Name of Company	Name of Holders	Kind of Securities and Face Value	No. of Securities and Folio	Distinctive Nos.
Tata Investment Corporation Ltd. Elphinstone Building, 2nd Floor, 10, Veer Nariman Road, Mumbai 400 001.	Dina Keki Sagar Keki Shapurji Sagar.	Equity Shares of Rs. 10 each	801 Shares Folio ICK 847	646441-646680 3335286-3335295 5540839-5540891 6616629-6616681 8191365-8191542 24321881-24322147

Place : Mumbai,
dated the 26th December 2014.

VERA RUSTOM FERZANDI
Applicant.

Serial No. 496**Notice**

Notice is hereby given that the certificate(s) for the undermentioned securities of the company has/have been lost/mislaidd and the holder(s) of the said securities /applicant(s) has/have applied to the company to issue duplicate certificate(s).

Any person who has a claim in respect of the said securities should lodge such claim with the company at its Registered office within 15 days from this date, else the company will proceed to issue duplicate certificate(s) without further intimation.

Name(s) of the Holder(s) and jt. Holder(s), if any (1)	Kind of Securities and Face Value (2)	No. of Securities (3)	Distinctive Number(s) (4)
Meera Kumar	Equity shares FV Rs. 1.00	8000	17767391-5390

Place : New Delhi,
dated the 7th August 2014.

MEERA KUMAR

THE TATA POWER COMPANY LTD.,
Registered Office : Bombay House,
24 Homi Mody Street,
Fort, Mumbai 400 001.

Name(s) of holder(s)/Applicant(s)

Serial No. 497

FORBES EDUMETRY LIMITED

Reg. Off: Forbes Building, Charanjit Rai Marg, Fort, Mumbai 400 001

CIN : U72900MH2005PLC157375

Notice

Notice is hereby given that pursuant to section 485 (1) of the Companies Act, 1956, for general information that the members of the FORBES EDUMETRY LIMITED at the Extra-ordinary General Meeting of the Company held on 23rd day of December, 2014 at Forbes Building, Charanjit Rai Marg, Fort, Mumbai 400 001 have unanimously passed the following Special Resolutions to wind up the above Company voluntarily :—

1. RESOLVED THAT in view of the satisfaction of this meeting that the company can no longer continue its business as the company has no revenue over last few Financial years, accumulated losses exceeded paid up capital and no new business appears to be in the pipeline and the business appears to be no longer viable, the consent be and is hereby accorded to wind up voluntarily by the creditors, under Section 500 of the Companies Act, 1956 or any other section for the time being in force.

2. RESOLVED THAT consent of the shareholders be and is hereby accorded to nominate members on the Committee of Inspection if constituted by the Creditors in their meeting pursuant to section 503(2) of the Companies Act, 1956 or any other section for the time being in force.

3. RESOLVED THAT pursuant to Section 502 of the Companies Act, 1956 or any other section for the time being in force giving due regard to the nominations received from the members and subject to the approval of the creditors in the creditors meeting, M/s. Makarand M Joshi & Co. Practicing Company Secretaries who has given consent to accept office of Liquidator *vide* his letter dated November 12,2014, be and is hereby appointed Liquidator of the Company on the terms and conditions stated in the said letter and at such remuneration plus service tax as may be determined by the Board of Directors of the Company.

For Forbes Edumetry Limited,

Place : Mumbai,

dated the 29th December 2014.

Address :

C 5, Krishna Complex, Off Subhash Road,

Vile Parle (East), Mumbai, 400057, Maharashtra, India

SUNETRA GANESHAN,

Director.

DIN : 02846691

Serial No. 498**Notice**

Notice is hereby given that the certificates for the under mentioned securities of the Company has been lost/ misplaced and as the Holder of the said securities have applied to the company to issue duplicate certificates.

Any person who has a claim in respect of the said certificates should lodge such claim with the Company at its Registered Office within 15 days from this date, else the Company will proceed to issue duplicate certificates without further intimation.

Folio No.	Name of the Holder(s) and jt. Holder(s), if any	Kind of Securities and Face Value	Equity Shares
KFD50305	Dilara Rustom Jejeebhoy Mrs. Sylla Jal Bhaisa (deceased)	100	42

Place : Mumbai,

dated the 24th December 2014.

MRS. DILARA RUSTOM JEJEEBHOY

SKF INDIA LTD,

Registered Office : Mahatma Gandhi Memorial Building,
N. S. Marg, Charni Road, Mumbai 400 002.

Serial No. 499**Notice**

Notice is hereby given that the certificate(s) for the undermentioned securities of the Company has been lost/misplaced and the holders of the said securities have applied to the company to issue duplicate certificates. Any person who has a claim in respect of the said securities should lodge such claim with the company at its Registered Office, within 15 days from this date else the Company will proceed to issue duplicate certificates without further intimation.

Name of the Holder(s) (and Jt. holder, if any) (1)	Kind of Securities and Face Value (2)	No. of Securities (3)	<u>Distinctive Nos.</u> From To (4)
Mr. Arun S. Shah Ms. Smita A. Shah Ms. Prabhavati S. Shah.	Equity Re. 1	450	602865179 to 602865628

Place : Mumbai,

dated the 18th December 2014.

THE INDIAN HOTELS COMPANY LIMITED

Registered Office : Mandlik House,
Mandlik Road, Mumbai 400 001, India.

ARUN S. SHAH,

SMITA A. SHAH.

Name of Applicant.

Serial No. 500

**IN THE HIGH COURT OF JUDICATURE
AT BOMBAY**

**ORDINARY ORIGINAL CIVIL
JURISDICTION**

COMPANY PETITION NO. 159 OF 2014

In the matter of winding up
petition under sections 433(e)
and (f) and 434 & 439 of the
Companies Act, 1956 ;

And

In the matter of winding up of
Hindustan Dorr-Oliver Limited
having its registered office at
Dorr-Oliver House, Chakala,
Andheri (East) Mumbai 400 099

CIN No. L74210MH1974PLC017644.

Sharma Fabricators and Erectors
Pvt. Ltd., a company registered
under The Companies Act, 1956
and having its registered office
at C-27/273, Plot No. 11 & 12,
Sri Das Nagar Colony, Maldahiya,
Varanasi 221 002, Uttar Pradesh.

... Petitioner.

Advertisement of Petition

A Petition under sections 433 and 434 and
439 for winding up of the abovenamed company
was presented on 3rd October 2013 by the
Petitioners abovenamed, creditors of the
company and the said Petition was admitted
on 1st September 2014 and the same is now
fixed for hearing before the company judge on
19th January 2014 at 11-00 a.m., in the
forenoon or soon thereafter.

Any Person(s)/ Creditor or Contributory
desirous of supporting or opposing the said
Petition, should sent to the Petitioner or his
Advocate at his Office address mentioned
hereunder, a Notice of his intention signed by
him or his Advocate with full name, address,
so as to reach the Petitioner or his Advocate
mentioned here under not later than five days
before the date fixed for hearing of the Petition
and appear at the hearing for the purpose in
person or by his Advocate.

A copy of the Petition will be furnished by
the Petitioner's Advocate to any creditor or
contributory on payment of the prescribed
charges for the same.

Any affidavit intended to be used in
opposition and/or in support to the Petition,
should be filed in Court and a copy thereof
served on the Petitioner's Advocate, not less
than five days before the date fixed for hearing.

Dated this 29th day of December, 2014.

Adv. VANITA KAKAR,
Kachwaha & Partners,
Advocates for the Petitioner.

3rd Floor, Jethalal Mansion, Bank Street
Cross Lane, Fort, Mumbai 400 023.

Serial No. 481**Notice**

Notice is hereby given that the certificate(s) for 596 equity shares of Merck Limited standing in the name(s) of the following shareholder(s) have been lost and applications have been received by the Company for issue of duplicate certificate(s) :—

Name of the holder(s)	Distinctive Numbers	No. of Shares
Viraji Motiji Kasa and Bharatkumar Chhatraji Kasa	2737476-2737500 4373019-4373033 5257086-5257098	53
Amal Kumar Mukhopadhyay and Gauri Mukherjee	2060384-2060433 2768511-2768540 5951649-5951688	120
Tushar Ranjan Bal	4465984-4466033	50
Damodar Das Ladha and Nirmala Devi Jhawar	6419735-6419739	05
Krishna Kumar Shukla	3066549-3066578	30
Linda Moraes	2883481-2883485 9659151-9659185	40
Prased Rao N V K N	2218059-2218083 2318684-2318708	50
Kantilal C. Modi	6150935-6150984	50
Piroje Eruchshah Engineer and Hosang Eruchshah Engineer	2495001-2495025 4092963-4092977 4994295-4994307 8190145-8190170 13619386-13619425	119
R. R. Iengar	2510376-2510400 4124685-4124699 5027588-5027600 8268429-8268454	79

Any person(s) who has/have a claim in respect of the said shares should lodge such claim with the Company at its *Registered Office* : “Merck Limited, Shiv Sagar Estate “A”, Dr. Annie Besant Road, Worli, Mumbai 400 018”, within 21 days from the date of publication of this notice else the Company will proceed to issue duplicate certificate(s).

For Sharepro Services (India) Pvt. Ltd.,

Place : Mumbai,
dated 20th December 2014.

G. R. RAO.